

APPENDIX I

DEFINITIONS OF SHIP'S STORE TERMS

ACCOUNTABILITY. Accountability is the personal obligation on the part of the ship's store officer to render an accounting of ship's store property and funds.

ACCOUNTABLE OFFICER. The accountable officer is the ship's store officer.

ACCOUNTING PERIOD. An accounting period is any period for which returns must be submitted. It is normally a 4-month period ending 31 January, 31 May, and 30 September.

BONUS-FREE ITEMS. Bonus-free items are received from a vendor free of charge as a bonus for placing an order.

BREAKBACK. A breakback is a transfer of an item from a sales outlet back to the bulk storeroom.

BREAKOUT. A breakout is a transfer of material from the bulk storeroom to a sales outlet or service activity.

BULK SALE. A bulk sale is a sale made at cost to an activity authorized to buy in this manner.

BULK SALESROOM. A bulk salesroom is a separate cash sales unit established in a bulk storeroom from which bulk sales are made.

BULK STOREROOM. A bulk storeroom is a main storage facility for all or part of the stock in a ship's store operation. No sales are made from a bulk storeroom.

BULK STOREROOM CUSTODIAN. A bulk storeroom custodian is a person in charge of a bulk storeroom. In separate responsibility operations, the custodian is responsible for the stock by quantity on individual stock records.

CLOTHING ITEMS. Refer to Standard Navy Clothing Items.

COMBINED RESPONSIBILITY OPERATION. A combined responsibility operation is a ship's store operation in which one person is responsible for both a sales outlet and the bulk storeroom that supplies that outlet.

COMPOSITE RECREATION FUND. A composite recreation fund is a fund in which a ship without a ship's store shares in the profits of the supporting ship's store. For example, an SSN/SSBN supported by an AS receives a share of the ship's store profits from the AS to be used as the SSN/SSBN's recreation fund.

COST ITEM. A cost item is an item of ship's store stock carried for ultimate issue as cost of operations and cost of sales.

COST OF OPERATIONS ISSUE. A cost of operations issue is an expenditure of stock for ultimate consumption in a ship's store activity.

COST OF OPERATIONS ITEMS. Cost of operations items are cost items carried for ultimate issue to ship's store activities and for which cash is not ultimately received.

COST PRICE. A cost price of an item is the price at which an item is received from the supplier. Standard Navy clothing is sold and issued at cost price. Cost of operations items are issued at cost price.

COST OF SALES ITEMS. Cost of sales items are cost items carried for issue to a sales outlet. Cash is ultimately received for cost of sales items. They differ from retail items in that further processing is required before sale.

CREDIT MEMORANDUM. A credit memorandum is a document received from a vendor which gives credit to a ship for merchandise returned to the vendor.

CUSTODIAN (RESPONSIBLE CUSTODIAN). A custodian (responsible custodian) is a person held responsible for the operation of a ship's store activity and strict custody of the material used in it.

DELIVERY ORDER. A delivery order is an order for material under an existing indefinite delivery contract. An item ordered from the Ship's Store Contract Bulletin is procured via a delivery order.

EMBLEMATIC ITEMS. Emblematic items are items bearing the ship's identification (such as ball caps, belt buckles, T-shirts, lighters, mugs, etc.). Since these items have the ship's identification on them, they have no sales potential for another ship. Procurement therefore must not exceed 90 days' anticipated sales.

EXCESS PROFITS. Excess profits are profits that exceed the maximum allowed 15% of the cost of retail sales.

EXCESS STOCK. Excess stock is the material by line item that exceeds the maximum allowed 90-day inventory level.

EXPENDITURE. An expenditure is the removal of stock from the accountability of a ship's store officer.

FAST PAY PROCEDURES. Fast pay procedures are designed to expedite payment to the vendor for material that has been delivered to a common carrier, post office, or other means to point of first receipt by the government. The vendor agrees to replace, repair, or correct material not received at the first specified destination, damaged in shipping, or not conforming to the specifications of the order.

F.O.B. Free on Board, or Freight on Board.

F.O.B. DESTINATION. F.O.B. Destination on a purchase order or contract indicates the vendor will pay all transportation costs for material sent to the ship. All material ordered from the Ship's Store Contract Bulletin will specify F.O.B. Destination.

F.O.B. ORIGIN. F.O.B. Origin on a purchase order or contract indicates the ship will pay all transportation costs for material received.

F.O.B. OTHER. F.O.B. Other on a purchase order or contract indicates the ship will pay the transportation costs for material received.

F.O.B. SHIPPING POINT. Same as F.O.B. Origin.

FOUNTAIN. See Snack Bar.

GROUP SALE. A group sale is a sale of merchandise to a group in which several individual orders have been consolidated. A group sale is made when individual sales to personnel cannot be made.

GUARANTEED SALES ITEMS. Guaranteed sales items are items that may be returned to a vendor for replacement, credit, or cash refund when they are shopworn, defective, or out of season.

HEALTH AND COMFORT ISSUES. A health and comfort issue provides toilet goods, tobacco, clothing items, and other necessities required for the health and well-being of personnel without sufficient funds to purchase them.

HIGH LIMIT. A high limit is the maximum quantity of material to be maintained on hand and on order to sustain current operations. It includes the sum of stocks represented by the operating level, the safety level, and the order and shipping time. (Equivalent to requisitioning objective.)

INTRASTORE TRANSFER. An intrastore transfer is a movement of stock from the responsibility of one custodian to that of another.

INVOICE. An invoice is an itemized list of material or services rendered or received, including quantities, prices, etc.

INVOLUNTARY PRICE CHANGES. Involuntary price changes are price changes that are beyond the control of the ship's store officer. They include standard price adjustments and purchase variances on Navy clothing.

ISSUE. An issue is an expenditure of stock for some further purpose. Issues reduce accountability.

ISSUE FOR USE. See Cost of Operations Issue.

LIQUIDATION. A liquidation is a settlement of the amount of an account.

LOW LIMIT. Low limit is the stock position that signals the need to initiate replenishment action. It includes the sum of stocks represented by the safety level and the order and shipping time. (Equivalent to reorder point.)

MARKDOWN. A markdown is a voluntary reduction in the selling price of an item. There are three types of markdowns: markdowns below cost, markdowns to zero, and retail markdowns.

MARKDOWN BELOW COST. A markdown below cost is a voluntary reduction in the selling price of an item below its original cost value.

MARKDOWN TO COST. A markdown to cost is a type of retail markdown in which the selling price of an item is reduced so that it is equal to its cost price.

MARKDOWN TO ZERO. A markdown to zero is an expenditure of stock through a price change that reduces the value of the item to zero.

MARKON. A markon is any voluntary increase in the selling price of an item.

MARKUP. A markup is the difference between the cost price and selling price of a retail item.

OPERATING LEVEL. An operating level is the quantity of material (exclusive of safety level) required to sustain operations during the interval between successive requisitions. Normally, it is the difference in the quantity between the requisitioning objective (high limit) and the reorder point (low limit).

ORDER AND SHIPPING TIME. Order and shipping time is the time elapsing between the submittal of a requisition and the receipt of the material. (Equivalent to procurement lead time.)

OVERRING. An overring is when an incorrect higher price for an item is rung up on a cash register.

PROFIT. A profit is the amount of money remaining after all expenses and costs have been paid.

PURCHASE ORDER. A purchase order is an order for material which also establishes a one-time contract. An item ordered from the Ship's Store Afloat Catalog is procured via a purchase order.

PURCHASE VARIANCE. A purchase variance is a difference between standard price and purchase price occurring when a ship's store is receiving Navy clothing from a commercial supplier. A purchase variance is an involuntary price change.

RECEIPT. A receipt is the acceptance of the quantity and quality of material for accountability purposes.

RECORDSKEEPER. A recordskeeper is a person in charge of keeping ship's store records.

REFUND. A refund is cash given back to a customer in exchange for merchandise that was previously brought from a sales activity.

REORDER POINT. A reorder point is the stock position that signals the need to initiate replenishment action. It includes the sum of stocks represented by the safety level and the order and shipping time. (Equivalent to low limit.)

REQUISITION. A requisition is an order for material from a government source (for example, other supply officers including another ship's store or shore supply support activity).

REQUISITIONING OBJECTIVE. A requisitioning objective is the maximum quantity of material to be maintained on hand and on order to sustain current operations. It includes the sum of stocks represented by operating level, safety level, and order and shipping time. (Equivalent to high limit.)

RESALE ACTIVITY. A resale activity is a sales outlet.

RESPONSIBILITY. Responsibility is the obligation to exercise care, custody, and protection of ship's store money and materials.

RETAIL ITEM. A retail item is any item sold in its original form in exchange for cash.

RETAIL MARKDOWN. A retail markdown is a voluntary price reduction in the retail price of an item to a price above or equal to its original cost price.

RETAIL PRICE. A retail price is the price at which an item other than standard Navy clothing and cost of operations items are sold or issued.

RETAIL STORE. A retail store is a sales outlet where retail items are sold.

RETAIL STORE OPERATOR. A retail store operator is the person in charge of a retail store. For combined responsibility operations, it also refers to the custodian of a retail store and the bulk storeroom that provides supplies for that store.

REVALUATION BY SURVEY. Revaluation by survey is a procedure for lowering the price of an item by a survey of money value only.

SAFETY LEVEL. The safety level is the quantity of material, in addition to the operating level, required to be on hand to permit continuous operations in the event of interruption of normal replenishment or unpredictable fluctuations in the issue demand.

SALE. A sale is any expenditure of stock for which cash is received. Accountability is unchanged by a sale.

SALES OUTLETS. Sales outlets are retail stores, vending machines, amusement machines, and standard Navy clothing stores.

SEPARATE RESPONSIBILITY OPERATION. A separate responsibility operation in which two or more persons are responsible for the operation of a sales activity and the bulk storeroom that supplies that activity.

SERVICE ACTIVITY. A service activity is a ship's store facility that renders a service. The barbershop, laundry, dry-cleaning plant, and tailor shop are service activities.

SHIP'S STORE. A ship's store consists of the sales outlets and services activities on board a ship.

SHIP'S STORE AFLOAT CATALOG. The Ship's Store Afloat Catalog (SSAC) contains luxury and semiluxury type of items. It is published and maintained by NAVRESSO.

SHIP'S STORE CONTRACT BULLETIN. The Ship's Store Contract Bulletin contains basic staple-type items required to support needs of the

crew. It is published and maintained by NAVRESSO.

SHIP'S STORE OFFICER. The ship's store officer is the officer in charge of the ship's store operations aboard a ship. The ship's store officer is the accountable officer.

SNACK BAR. A snack bar is a sales outlet where ice cream products, drinks, and retail snack items (such as candy and cookies) are sold.

SNACK BAR OPERATOR. A snack bar operator is the person in charge of the snack bar.

SPECIAL ORDER. A special order is the procurement and sale of a retail item to a specified individual who has ordered the item. The item is sold through a retail store, but is not carried as stock.

STANDARD NAVY CLOTHING ITEMS. Standard Navy clothing items are items authorized in the Navy Clothing Price List for Men and Women (NAVRESSO Pub 90).

STANDARD PRICE. A standard price is the price at which an item of Navy clothing is bought and sold.

STANDARD PRICE ADJUSTMENT. A standard price adjustment is an involuntary price change on stocked standard Navy clothing resulting from a change in standard prices prescribed in the Navy Clothing Price List for Men and Women (NAVRESSO Pub 90).

STOCK TURN. Stock turn is the movement of stock through the ship's store operation. Stock is moved by its being expended from the ship's store through sales, markdowns below cost, markdowns to zero, transfers, issues (except issues to use), and surveys (except surveys to the Navy Stock Fund). A stock turn of 1.33 per accounting period is required. This will result in four stock turns per year.

STOCKAGE OBJECTIVE. A stockage objective is the maximum quantity of material to be maintained on hand to sustain current operations. It includes the sum of stocks represented by the operating level and the safety level.

SURVEY. A survey is an expenditure of stock for immediate disposal. Surveys reduce accountability.

TRANSFER. A transfer is the movement of stock from the accountability of one ship's store officer to that of another.

TRANSMITTAL. A transmittal is a group of documents or records sent to another naval activity for information or action.

VENDING MACHINE. A vending machine is a sales outlet where canned or cup-type drinks,

candy, cookies, cigarettes, and other retail items are sold.

VENDING MACHINE CUSTODIAN. A vending machine custodian is the person in charge of the vending machine operation.

VISUAL MERCHANDISING. Visual merchandising is the display of merchandise in ship's store activities. Rotation and arrangement of stock, lighting, and signing help increase saleability.

APPENDIX II

SUGGESTED SUPPLY MANAGEMENT INSPECTION CHECK-OFF LIST

SHIP'S STORE OPERATION

GENERAL

1. Are ship's store spaces locked securely when unattended? _____
2. Have written orders, containing all required data, been issued for the operation of the ship's store functions? _____
3. Are personnel concerned aware of the written orders and are they familiar with their instructions? _____
4. Are the duties of keeping office records assigned to a storekeeper who is not in charge of other ship's store functions? _____
5. Are the necessary printed forms available and are the required records and files maintained? _____
6. Which of the following services are offered: fountain _____, laundry _____, vending machines _____, barber _____, tailor _____, dry cleaning _____?
7. Are prices, terms, etc., contained in the Ship's Store Afloat Catalogs divulged to vendors, their representatives, or other unauthorized personnel? _____
8. Are files of signed inventories, receipt papers, and breakout and issue requests which furnish evidence of the responsibility of custodians for stock in their custody kept under lock by the ship's store officer or designated officer assistant? _____
9. Are there any outstanding requests for checkage on hand? If so, has follow-up action been taken to charge these to pay records? _____
10. Are all entries made in ink, in indelible pencil, or by use of a typewriter? _____
11. Are only authorized articles stocked for resale or use in the store? _____
12. Does the cost of any specific item, such as stereos or necklaces, exceed the monetary limitations? _____

13. Are the special instructions relating to tax-free beer and tobacco products complied with?

14. Is the value of ship's store stock within the prescribed limitations?

15. Is the Stock Record (NAVSUP 464) prepared and maintained for each item of ship's store stock?

16. Is a monthly supply demand review conducted to identify monthly surplus, dead, or slow-moving stock?

17. Are there any items of stock on board which are fit for resale condition and satisfactory for release but in excess of normal requirements? If so, what action has been taken to dispose of the excess?

PROCUREMENT

18. Is shop's store stock procured in accordance with procedures outlined in NAVSUP P-487?

19. Are requisitions submitted on DOD Single Line Item Requisition System Document (Manual) (DD 1348) or Requisitions and Invoice/Shipping Document (DD 1149)?

20. Is the Order for Supplies or Services/Request for Quotations (DD 1155) used for placing purchase orders and delivery orders under contract?

21. Do purchase orders exceed \$10,000 limitation per order?

22. Are standard Navy clothing items sold at standard prices as issued by the Navy Clothing Price List for Men and Women (NAVRESSO P-90)?

23. Is only general stores material considered to be in the category "Hardware, Hobby Shop Materials, and Supplies" transferred to the ship's store for resale of the hobby shop under the conditions specified?

24. Is the procurement of minor equipment limited to those items the unit cost of which does not exceed \$100?

25. Is carbon dioxide gas charged as a cost of sales for vending machine operations?

26. Is the cost of gas cylinders expended as a cost of vending machine operations?

27. Are proper written agreements in effect for leased vending machines which have been installed?

28. Are daily deliveries of vending machine supplies processed in accordance with regulations set forth in NAVSUP P-487?

29. Are laundry and dry cleaning services procured in accordance with NAVSUP P-487?

30. Is the Ship's Store Afloat Catalog maintained in a current status?

RECEIPT AND INSPECTION

31. When stock is received, is it assembled on deck, checked against papers, any broken cases securely sealed, and safeguarded while being struck below?

32. Is stock received from other supply officers inspected for quantity by the ship's store officer or by an authorized inspector?

33. Is stock received from purchase or other government sources other than supply officers inspected for quantity and quality by the ship's store officer or by an authorized inspector?

34. Is material safeguarded by requesting the officer of the day to post petty officers in suitable locations until stores are secured in locked spaces?

35. After verification, does the person responsible therefore acknowledge receipt and custody by signature on the applicable receipt documents?

36. When material is received without invoices, are dummy invoices prepared?

37. When dealer's bills are not received, is follow-up action taken to obtain same and process for payment?

38. Are erroneously prepared receipt documents processed properly?

39. Are receipt documents posted to the Journal of Receipts (NAVSUP 9787) and Stock Record (NAVSUP 464)?

40. Are price adjustments processed as prescribed by NAVSUP P-487?

41. When material purchased is delivered directly to the ship and fast pay procedures do not apply, are dealers' bills certified and forwarded promptly to the applicable paying activity?

STOWAGE, BREAKOUTS, AND TRANSFERS

42. Is stock arranged and stowed as prescribed by NAVSUP P-487?

43. Is movement of stock from bulk storerooms controlled by properly prepared and approved Intra-store Transfer Data (NAVSUP 973) forms? _____

44. Are stocks issued on a first-in, first-out basis? _____

EXPENDITURES

45. Are surveys of ship's store stock properly processed? _____

46. Do surveys of merchandise carried in the retail store show retail extensions on the Report of Survey (DD 200)? _____

47. Are transfers of stock handled properly? _____

48. Are issues of stock handled properly? _____

49. Are the Retail Price Changes (NAVSUP 983) covering markdowns signed and authorized by the ship's store officer before sale? _____

PROFITS

50. Has the net profit during an accountable period exceeded 15% of the cost of retail sales? _____

51. Has the store operated at a profit since the last annual supply department inspection? _____

52. Have any surveys been charged to Ship's Stores Profits, Navy, General Fund, without approval of Navy Resale and Services Support Office? _____

53. Are claims for loss or damage to personal wearing apparel properly prepared and handled? _____

SALESROOM AND SALES PROCEDURE

54. Are the hours of operation prescribed by the commanding officer posted prominently? _____

55. Is the condition of the salesroom, stowage, and display of merchandise satisfactory? _____

56. Is an up-to-date price list available for use by the store operator for verification of prices? _____

57. Does the price list contain the statement regarding limitations on purchases by authorized patrons? _____

58. If the cash register does not furnish the patron with a list of charges for the items purchased, itemized and totaled, does it provide him with a clear view of the registration of the amount of the purchase? _____

59. Is the change fund amount stipulated in writing by the commanding officer? _____
60. Are cash collection procedures followed by personnel authorized to make collections? _____
61. Is the Cash Receipt Book (NAVSUP 470) properly maintained and in possession of the resale outlet operator? _____
62. Is the Cash Register Record (NAVSUP 469) properly maintained in custody of the person making cash collections? _____
63. Is the Cash Register Record in agreement with the Cash Receipt Book? _____
64. If the cash registers are equipped for tape use, are the tapes retained as part of the ship's store retained returns? _____
65. Are selling prices individually marked on ship's store merchandise? _____
66. Does the retail store carry all items on the current list of basic items approved by the ship's store officer for ready sale to the crew? _____
67. Are the hours of operation for service activities posted prominently? _____
68. Are safety precautions posted near each machine? _____
69. Are sanitary regulations, approved by the senior member of the medical department, prominently posted in all service activities? _____
70. Does the ship's store officer inspect all service activities at least once each business day? _____
71. Are adequate records maintained to control the operation of the laundry? _____
72. Are special jobs for favored personnel prohibited in the laundry? _____
73. In the barbershop are luxury services which cannot be rendered to all personnel prohibited? _____
74. In the operation of the fountain is the objective of service to the maximum number of personnel adhered to with the variety of items restricted as necessary? _____
75. Are adequate fountain cost controls established? _____
76. Are the multiple operator procedures followed when necessary? _____

77. Are adequate cash-handling procedures in effect? _____
78. Are tailor shop records adequate to be used in connection with claims for lost articles as a production record? _____
79. Is an adequate vending machine cost control established? Are separate Vending Machine Control Records (NAVSUP 236) maintained for each drink vending machine? _____
80. Is the handling of cash from sales in vending machines satisfactory? _____
81. Determine whether or not the officers and enlisted men consider the service activities to be rendering efficient and courteous service. _____

RETURNS

82. Is the set of retained returns for the previous accounting period complete? _____
83. Was the Ship's Store Balance Sheet and Profit and Loss Statement (NAVCOMPT 153) properly prepared and rendered on time? _____
84. Are inventories recorded in ink or indelible pencil on Ship's Store Inventory Count Sheets (NAVSUP 238)? _____
85. Are inventories taken and certified by authorized personnel at the times required? _____
86. Are the Journal of Receipts (NAVSUP 977) and Journal of Expenditures (NAVSUP 978) properly maintained and closed out? _____
87. Are the stock records properly closed out? _____
88. Is the Financial Control Record (NAVSUP 235) properly maintained and closed out? _____

MOST COMMON SMI DISCREPANCIES

1. Funds in excess of \$50 were left in the cash register overnight.
2. The Cash Register Record was not properly closed and balanced at the end of each month.
3. Cash register overages and shortages of \$1 or more were not investigated and explained.
4. The original of the inventory was not placed under lock and key by the ship's store officer immediately upon completion of the closeout procedure.
5. The ship's store officer's original rough inventory was not verified with the office records storekeeper's working copy.

6. The Inventory Control Record was not up-to-date.
7. Boxes or containers of stock were not marked with month and year of receipt before stowage.
8. Receipts and expenditures were not promptly and accurately posted to the Ship's Store Afloat Financial Control Record.
9. Surveys of stock were not indicated on the Ship's Store Operating Statement.
10. Actual quantities of tax-free cigarettes on hand did not agree with the quantities recorded in the tax-free cigarette log.
11. Surveys were charged to the wrong appropriation.
12. Combinations of locks to ship's store spaces were not kept in sealed opaque envelopes and retained under lock and key by the supply officer.
13. Navy clothing items were not sold at standard price.
14. Unit cost prices were not properly determined (by rounding off the cost price of the last receipt to the nearest cent).
15. All signed receipt documents were not placed in the Accountability File.
16. The regulations concerning authorized patrons and the limitations on purchases by authorized patrons were not posted.
17. The prices indicated on the stock records did not agree with actual prices of the items in the store.
18. A 1.33 to 1 stock turn had not been achieved during the accounting period before the inspection.
19. Emergency access instructions were not posted outside all storerooms.
20. Sanitation instructions were not posted inside the store, fountain, barber shop, or on the vending machine.
21. A vending machine control record was not being maintained or was maintained improperly.
22. Vending machine cash had not been collected and counted daily or before any repairs.
23. Safety devices in the laundry were inoperative.
24. Opening Inventory caption on the NAVCOMPT Form 153 was not in exact agreement with the Closing Inventory caption on the last returns.
25. Individual amounts on the returns' adding machine tapes were not in exact agreement with the individual documents attached to the tapes.
26. Retained returns were not arranged in the identical manner as the original returns.

STANDARDS OF CONDUCT

Section I: GENERAL

This section of the appendix is published to emphasize the requirement that all ship's store personnel adhere to the Standards of Conduct contained in DOD Directive 5500.7 and SECNAVINST 5370.2 and to include the Naval Supply Systems Command Policy statement on loss prevention controls.

Section II: STANDARDS OF CONDUCT

1. DISCUSSION

a. All ship's store personnel must observe the highest ethical standards in their relations with vendors in compliance with the Department of Defense Standards of Conduct as described below. Ship's store personnel will ensure that the management policies directing equal treatment to vendors and suppliers in all areas of store operations are adhered to in all cases. The acceptance of gratuities, gifts, prizes, luncheons or similar hospitality, or the giving of preferential treatment to vendors' products with respect to procurement, distribution, stocking, display, or resale is strictly prohibited. All ship's store personnel and vendors must be made aware of this prohibition.

b. All ship's store personnel must be continually aware that their actions and decisions are properly subject to the scrutiny of people both in and out of the government. Even though an actual conflict of interest may not exist, all personnel must avoid the appearance of such conflict from a public point of view.

c. Private hospitality between friends may be inappropriate when one is a contractor's representative and the other is a representative of the command before which an official matter involving the contractor is pending or might be expected to arise.

2. POLICY

a. In accordance with the guidance in par. 1, the following policy is established for all ship's store operations:

(1) Ship's store personnel are subject to disciplinary action and in some instances, criminal prosecution if they solicit, accept, or agree to accept gratuities, in any form, from vendors, suppliers, or anyone else with whom the ship's stores do business, either directly or indirectly.

(2) Ship's store personnel will not, under any circumstances, give preferential treatment to vendors, suppliers, or anyone else in any area, including procurement, distribution, stocking, display, or resale of products.

3. ACTION

a. The Navy Resale and Services Support has:

(1) advised all Ship's Store Afloat Catalog vendors and all contractors doing business with ship's stores of the policy and prohibitions contained here; and

(2) prepared and issued, under separate cover, signs for display in all ship's stores to advise and remind personnel and vendors of this policy.

- b. Ship's store officers will
 - (1) review the DOD Standards of Conduct with all ship's store personnel on a semiannual basis;
 - (2) remind local vendors and suppliers of the policy and prohibitions contained here; and
 - (3) ensure that signs received from the Navy Resale and Services Support Office are conspicuously displayed in the ship's store office and other appropriate areas for observance by all ship's store personnel and vendors.

Extracts from the Department of the Navy's Standards of Conduct from SECNAVINST 5370.2 are quoted below:

1. Purpose. This instruction implements and supplements DOD Directive 5500.7 of 15 Jan 1977, Standards of Conduct in prescribing required standards of ethical conduct governing all personnel of the Department of the Navy; related requirements applicable to all personnel in interpreting and executing the standards of conduct and related requirements; and responsibilities and procedures for monitoring and enforcing compliance with the standards of conduct and related requirements within the Department of the Navy.

2. (not quoted)

3. Scope and Effect

a. Applicability. The provisions of this instruction apply to all naval personnel as defined in subparagraph 4a. The provisions of subparagraph 6.1(2) apply to all retired naval personnel and members of reserve components. The provisions of paragraph 12 also apply to all retired regular officers.

b. Violations. The regulations prescribed in paragraph 6 of this instruction are a general order upon which disciplinary or punitive proceedings may be based in appropriate cases. Noncompliance with other provisions of this instruction are expected to be corrected by timely and appropriate administrative measures.

4. Definitions

a. Naval personnel. All civilian officers and employees and all active duty military personnel of the Department of the Navy, including special government employees and personnel of nonappropriated fund instrumentalities.

b. (not quoted)

c. (not quoted)

d. Gratuity. Any gift, favor, entertainment, hospitality, transportation, loan, any other tangible item, and any intangible benefit, for example, discounts, passes, and promotional vendor training—given or extended to, or on behalf of, naval personnel or their spouses, minor children, or households, for which fair market value is not paid by the recipient or the U.S. government.

e. Appropriate supervisor. That superior within the chain of authority who is acquainted with the duties of the naval personnel concerned and can best determine the existence and effect of any conflict of interests of such personnel. Ordinarily, this will be the immediate superior of the person concerned. Each commanding officer or activity head should ensure that all personnel are aware of the identity of their appropriate supervisor.

5. General policies governing the conduct of naval personnel

a. Proper conduct of official activities.

(1) Naval personnel must become familiar with the scope of authority for, and the limitations concerning, the activities for which they have responsibilities.

(2) The attention of naval personnel is directed to the statutory prohibitions which apply to the conduct of naval personnel.

(3) Naval personnel must not make or recommend any expenditure of funds or take or recommend any action known or believed to be in violation of U.S. laws, executive orders, or applicable directives, instructions, or regulations.

(4) In cases of doubt of the propriety of a proposed action or decision in terms of regulation or law, naval personnel must consult legal counsel or, if appropriate, a Standards of Conduct counselor or deputy counselor to ensure the proper and lawful conduct of naval programs and activities.

b. Conduct prejudicial to the government. Naval personnel must avoid any action, whether or not specifically prohibited by this instruction, which might result in or reasonably be expected to create the appearance of

(1) using public office for private gains,

(2) giving preferential treatment to any person or entity,

(3) impeding government efficiency or economy,

(4) losing complete independence or impartiality,

(5) making a government decision outside official channels, or

(6) adversely affecting the confidence of the public in the integrity of the government.

c. Standards of personal judgment. All naval personnel will adhere strictly to the Standards of Conduct and related requirements prescribed in this instruction. In some instances, standards are imposed which require the exercise of personal judgment. Naval personnel must consider each such instance carefully and be prepared to account for the manner in which the judgment is exercised. This is particularly true in situations which involve acceptance of hospitality or favors from persons or entities who do, or seek to do, business with the Department of Defense.

d. Dealings with business and industry representatives. Persons who represent the government in business dealings with representatives of industry have positions of trust and grave responsibility which require them to observe the highest ethical standards. Practices which may be accepted in the private business world are not necessarily acceptable for naval personnel. No person will allow himself to be placed in a position in which a conflict of interest might arise or might justifiably be suspected. Such a conflict of interest may arise or appear to arise by reason of the acceptance of gratuities, or by any other action which could influence or reasonably be interpreted as influencing the strict impartiality that must prevail in all business relationships involving the government. Strict impartiality is often particularly difficult to maintain when business relationships are allowed to become overly personal. Naval personnel should at all times ensure that persons doing business or attempting to do business with the Department of Defense, or representing such entities, are not permitted to ingratiate themselves to the extent that naval personnel hesitate to deny requests for special treatment made by such persons or otherwise to follow the rule of strict impartiality when dealing with such persons in their official capacities. Acceptance of gratuities (no matter how innocently tendered or received) from those who have or seek business dealings with the Department of the Navy maybe a source of embarrassment to the department and to the naval personnel involved, may affect the objective judgment of the recipient, and may impair public confidence in the integrity of business relations between the department and industry. It is emphasized that prohibited conflicts and apparent conflicts of interests can sometimes arise even from relationships and transactions which the personnel concerned perceive as inconsequential. Where there is doubt as to

the propriety of accepting gratuities, attending functions, or accepting other invitations of a hospitable nature, naval personnel will refrain therefrom.

e. Preferential treatment. Special treatment must not be accorded to particular individuals or firms unless equivalent treatment is also accorded to other individuals or firms justifiably entitled hereto.

f. Acquiring conflicting financial interests. Notwithstanding the fact that they may have filed confidential statements of affiliations and financial interests (DD Form 1555), naval personnel must at all times avoid acquiring or retaining financial interest which could disqualify them from performing their assigned duties or responsibilities. Some of the more likely situations in which conflicts of interests might arise are where naval personnel have government duties or responsibilities related to business entities—

(1) with which they, or their spouses, minor children, or household members are associated as employees, officers, owners, directors, members, trustees, partners, advisors, or consultants,

(2) with which they, or their spouses, minor children, or household members are negotiating or have arrangements for prospective employment, or

(3) in which they, or their spouses, minor children, or household members have interests through ownership of stock options, bonds, securities or other financial arrangements, such as trusts, or through participation in pension or retirement plans.

g. Membership in associations. Naval personnel who are members or officers of nongovernmental associations or organizations must avoid activities on behalf of the association or organization that are incompatible with their official government positions. SECNAVINST 5760.4 sets forth the Department of the Navy policy regarding participation by naval activities and naval personnel in the activities of private associations.

h. Equal opportunity. Naval personnel must scrupulously adhere to the DOD program of equal opportunity regardless of race, color, religion, sex, age, or national origin in accordance with equal opportunity directives. See, for example, SECNAVINST 5350.10.

i. Reporting suspected violations. Naval personnel who have information which causes them to believe the other DOD personnel have violated a statute or standard of conduct imposed by this instruction should bring the matter to the attention of the appropriate command authority. The matter thereafter should be brought to the attention of the person concerned, for possible resolution without further command action, unless the command determines that such communication is not likely to remedy the problem or will adversely affect a proper investigation of the matter.

j. Resolving violations. The resolution of Standards of Conduct violations must be accomplished promptly by one or more measures, such as divestiture of conflicting interests, disqualification for particular assignments, changes in assigned duties, termination, or other appropriate action, as provided by statute or administrative procedures. Disciplinary actions must be in accordance with established personnel procedures. See par. 6a following.

6. Regulations governing the conduct of naval personnel

a. Affiliations and financial interests. Naval personnel must not engage in any personal, business, or professional activity, or receive or retain any direct or indirect financial interest, which places them in a position of conflict between their private interests and the public interests of the United States related to the duties or responsibilities of their official positions. For

the purpose of this prohibition, the private interests of a spouse, minor child, and any household member are treated as private interests of the naval personnel.

(1) Unless otherwise expressly authorized by action taken under 18 USC 208(b), all naval personnel who have or acquire an affiliation or a financial interest which creates a conflict or appearance of a conflict with their official duties must report the possibly disqualifying interest to the appropriate supervisor and immediate subordinates. If the individual cannot adequately perform his official duties after such disqualification, he must divest himself of such involvement or be removed from that position.

(2) Naval personnel need not disqualify themselves under this section, however, for holding shares of a widely held, diversified mutual fund or regulated investment company. Such holdings are exempted as being too remote or inconsequential to affect the integrity of the services of government personnel.

b. Using inside information. Naval personnel must not use, directly or indirectly, inside information to further a private gain for themselves or others if that information is not generally available to the public and was obtained by reason of their DOD positions.

c. Using naval position. Naval personnel are prohibited from using their official positions to induce, coerce, or in any manner unlawfully influence any person, including subordinates, to provide any benefit, financial or otherwise, to themselves or others.

d. Dealing with present and former military and civilian personnel. Naval personnel must not knowingly deal on behalf of the government with present or former government personnel, military or civilian, whose participation in the transaction would be in violation of a statute, regulation, or policy set forth in this instruction. While all applicable prohibitions are within the prohibition established by this subparagraph, attention is directed to the prohibition on retired regular officers selling to the government through the department in which they hold a retired status, 18 USC 281; the prohibition on former personnel acting as an agent or attorney for anyone other than the United States in connection with "claims" against the government, 18 USC 207; and the prohibition on paying appropriated funds to retired regular officers who are selling to certain government agencies, 37 USC 801(c).

e. Commercial soliciting by naval personnel. To eliminate the appearance of coercion, intimidation, or pressure from rank, grade, or position, full-time naval personnel, except special government employees and Reserve enlisted personnel on active duty for training, are prohibited from making personal commercial solicitations or sales to DOD personnel who are junior in rank or grade, at any time, on or off duty.

(1) This limitation includes, but is not limited to, the solicitation and sale of insurance, stocks, mutual funds, real estate, and any other commodities, goods, or services.

(2) This prohibition is not applicable to the one-time sale by an individual of his own personal property or privately owned dwelling, or to the off-duty employment of naval personnel as employees in retail stores or other situations not including solicited sales.

(3) With regard to solicitation by and of civilian personnel, the limitation applies only to solicitation of personnel under the supervision, at any level, of the solicitor.

f. Assignment of Reserve personnel for training. Naval personnel who are responsible for assigning Reserves for training must not assign them to duties in which they will obtain information that could be used by them

or their private sector employers to gain unfair advantage over civilian competitors.

g. Gratuities.

(1) Except as provided in subparagraph 6g(2) below, naval personnel and their spouses, minor children, and members of their households must not solicit, accept, or agree to accept any gratuity for themselves, members of their families, or others, either directly or indirectly from, or on behalf of, a defense contractor. A defense contractor is a person or other entity which

(a) is engaged in or seeks business or financial relations of any sort with any DOD component,

(b) conducts operations or activities that are either regulated by a DOD component or significantly affected by DOD decisions, or

(c) has interests that may be substantially affected by the performance of the official duties of DOD personnel.

(2) This general prohibition does not apply to the following:

(a) The continued participation in employee welfare or benefit plans of a former employee when permitted by law and approved by the appropriate Standards of Conduct counselor;

(b) The acceptance of unsolicited advertising or promotional items that are less than \$5 in retail value;

(c) Trophies, entertainment, prizes, or awards for public service or achievement or given in games or contests which are clearly open to the public or which are officially approved for naval personnel participation;

(d) Things available to the public (such as university scholarships covered by DOD Directive 1322.6 and free exhibitions by Defense contractors at public trade fairs);

(e) Discounts or concessions extended Navy and Marine Corps-wide and realistically available to all naval personnel;

(f) Participation by naval personnel in civic and community activities when the involvement of Defense contractors is remote from the business purposes of any contractor who is sponsoring, supporting, or participating in the activity (for example, participation in a little league or Combined Federal Campaign luncheon which is subsidized by a Defense contractor);

(g) Social activities engaged in by officers in command and other naval officials, or their representatives, with local civic leaders as part of community relations programs of the Department of the Navy in accordance with SECNAVINST 5720.44;

(h) The participation of naval personnel in widely attended gatherings of mutual interest to government and industry, sponsored or hosted by industrial, technical, and professional associations (not by individual contractors), provided that they have been approved in accordance with DOD Instruction 5410.20;

(i) Situations in which participation by naval personnel at public ceremonial activities of mutual interest to industry or local communities and the Department of the Navy serves the interest of the government and acceptance of the invitation is approved by the commanding officer or other head of the activity to which the invited is attached;

(j) Contractor provided transportation, meals, or overnight accommodations in connection with official business when arrangements for government or commercial transportation, meals, or accommodations are clearly impractical and the individual reports the circumstances in writing to his appropriate supervisor as soon as possible;

(k) Attendance at promotional vendor training sessions when the vendor's products or system are provided under contract to DOD and the training is to facilitate the utilization of those products or systems by naval personnel;

(l) Attendance or participation of naval personnel in gatherings, including social events such as receptions, which are hosted by foreign governments or international organizations, provided that the acceptance of the invitation is approved by the commanding officer or other head of the activity to which the invitee is attached or, when there is doubt as to the propriety of acceptance, by higher authority (see SECNAVINST 1650.1 for further information pertaining to fits from foreign governments);

(m) Customary exchanges of gratuities between naval personnel and their friends and relatives or the friends and relatives of their spouses, minor children, or members of their household where the circumstances make it clear that it is that relationship rather than the business of the persons concerned which is the motivating factor for the gratuity and where it is clear that the gratuity is not paid for by any entity described in subparagraph 6g(1) above; and

(n) Situations in which, in the sound judgment of the individual concerned or his superior, the government's interest will be served by naval personnel participating in activities otherwise prohibited. In any such case, a written report of the circumstances must be made by the individual or his appropriate superior in advance of acceptance, or, when an advance report is not possible, within 48 hours after acceptance, to the appropriate supervisor, if he is not otherwise aware of the acceptance, and to the appropriate Standards of Conduct counselor or deputy counselor.

(3) Naval personnel who receive gratuities, or have gratuities received for them in circumstances not in conformance with the standards of this section, must promptly report the circumstances to the appropriate supervisor for a determination as to the proper disposition. The appropriate supervisor must consult with the Standards of Conduct counselor or deputy counselor.

(4) Procedures with respect to ROTC staff members are set forth in DOD Directive 1215.8.

h. Receipts in connection with official travel.

(1) The acceptance of accommodations, subsistence, or services, furnished in kind, in connection with official travel from sources other than those indicated in subparagraph 6g(1), is authorized only when the individual is to be a speaker, panelist, project officer, or other bona fide participant in the activity attended and when such attendance and acceptance is authorized by the order-issuing authority as being in the overall government interest.

(2) Except as indicated in subparagraph 6h(1), naval personnel may not accept personal reimbursement from any source for expenses incident to official travel, unless authorized by their commanding officer or the head of their activity, consistent with guidance provided by the appropriate Standards of Conduct counselor (pursuant to 5 USC 4111 or other authority). Rather, reimbursement must be made to the government by check payable to the Treasurer of the United States. Personnel will be reimbursed by the government in accordance with regulations relating to reimbursement.

(3) In no case must naval personnel accept reimbursement, either in kind or in cash, which is extravagant or excessive in nature.

(4) When accommodations, subsistence, or services in kind are furnished to naval personnel by nongovernment sources, consistent with the subsection, appropriate deductions must be reported and made in the travel, per diem, or other allowance payable.

i. (not quoted)

j. Prohibition of contributions or presents to superiors. Naval personnel must not solicit a contribution from other DOD personnel for a gift to an official superior, make a donation or a gift to an official superior, or accept a gift from other DOD personnel subordinate to themselves. This section, however, does not prohibit voluntary gifts or contributions of nominal value on special occasions, such as marriage, illness, transfer, or retirement, provided any gifts acquired with such contributions must not exceed a reasonable value.

k. Use of government facilities, property, and manpower. Naval personnel must not directly or indirectly use, take, dispose, or allow the use, taking, or disposing of, government property leased to the government, for other than officially approved purposes. Government facilities, property, and manpower (such as stationery, stenographic and typing assistance, mimeograph and chauffeur services) must be used only for official government business. Naval personnel have a positive duty to protect and conserve government property. These provisions do not preclude the use of government facilities for approved activities in furtherance of naval community relations, provided they do not interfere with military missions or government business. See SEC-NAVINST 5720.44 for community relations guidance.

l. Use of civilian and military titles or position in connection with commercial enterprises.

(1) All naval personnel, except special government employees, are prohibited from using their grade, rank, title, or position in connection with any commercial enterprise or in endorsing any commercial product. This does not preclude author identification for materials published in accordance with DOD procedures. A commercial enterprise is any entity which engages in activities which produce income as defined in Int. Rev. Code of 195461, and which has not been exempted from paying income taxes to Int. Rev. Code of 1954, 501(a).

(2) All retired military personnel and all members of Reserve components, not on active duty, are permitted to use their military titles in connection with commercial enterprises, provided that they indicate their inactive Reserve or retired status. If, however, such use of military titles in any way casts discredit on the Department of the Navy or the Department of Defense or gives the appearance of sponsorship, sanction, endorsement, or approval by the Department of the Navy or the Department of Defense, it is prohibited. In addition commanders of overseas installations may further restrict the use of titles including use by retired military personnel and members of Reserve components, not on active duty, in overseas areas.

m. Outside employment of DOD personnel.

(1) Naval personnel must not engage in outside employment or other outside activity, with or without compensation, that

(a) interferes with, or is not compatible with, the performance of their government duties,

(b) may reasonably be expected to bring discredit on the government or the Department of the Navy, or

(c) is otherwise inconsistent with the requirement of this instruction, including the requirements to avoid actions and situations which reasonably can be expected to create the appearance of conflicts of interests.

(2) Enlisted naval personnel on active duty may not be ordered or authorized to leave their post to engage in a civilian pursuit, business, or professional activity if it interferes with the customary or regular employment of local civilians in their art, trade, or profession.

(3) Active duty regular officers of the Navy and Marine Corpsman not be employed by any person furnishing naval supplies or war materials to the United States. If such an officer is so employed, his entitlement to pay ceases for so long as he is so employed.

(4) Off-duty employment of military personnel by an entity involved in a strike is permissible if the person was on the payroll of the entity before the commencement of this instruction. After a strike begins and while it continues, no military personnel may accept employment by that involved entity at the strike location.

(5) Naval personnel are encouraged to engage in teaching, lecturing, and writing. Naval personnel, however, must not, either for or without compensation, engage in activities that are dependent on information obtained as a result of their government employment, except when the information has been published or is generally available to the public, or it will be made generally available to the public and the official authorized to release such information to the public gives written authorization for the use of nonpublic information on the basis that the use is in the public interest.

(6) Civilian Presidential appointees in the Department of the Navy must not receive compensation or anything of monetary value for any consultation, lecture, discussion, writing, or appearance, the subject matter of which is devoted substantially to naval responsibilities, programs, or operations or which draws substantially from official material which has not become part of the body of public information.

n. Gambling, betting, and lotteries. While on government-owned, leased, or controlled property, otherwise while on duty for the government, naval personnel must not participate in any gambling activity, including a lottery or pool, a game for money or property, or the sale or purchase of a number slip or ticket. The only exceptions are for activities which have been specifically approved by the Secretary of the Navy.

o. Indebtedness. Naval personnel must pay their just financial obligation in a timely manner, particularly those imposed by laws (such as federal, state and local taxes), so that their indebtedness does not adversely affect the government as their employer. The Department of the Navy is not required to determine the validity or amount of disputed debts.

7. Responsibilities for action

a. (not quoted)

b. (not quoted)

c. Commanding officers and heads of activities. The basic responsibility for complying with the requirements of this instruction rests with individual personnel concerned, but the primary responsibility for ensuring such compliance must rest with officers exercising command or similar authority over personnel. Each commanding officer or head of a command, bureau, office, or activity is specifically responsible for the following:

(1) The continuing dissemination of the applicable information in this instruction to all naval personnel within his organization at least semi-annually, in a manner which will ensure familiarity and compliance with the pertinent provisions of this instruction by all personnel. (This is a continuing requirement and is in addition to the initial briefing required by paragraph 10.)

(2) The establishment and continuing execution of the procedures and controls prescribed in paragraph 9, below, to ensure that each position is reviewed as required by paragraph 9j that all naval personnel within his organization who are required to file confidential statements of affiliations and financial interests (DD Form 1555) do file them in a timely manner and that such statements are promptly and carefully reviewed.

(3) Making determinations pursuant to this instruction and 18 USC 208(b) with respect to disqualification of personnel within his organization from performing duties in which they have conflicts of apparent conflicts of interests.

(4) Ensuring that Reservists detailed to perform active duty for training at his organization are assigned duties which will minimize the possibility that they may obtain information that could be used by them or their employers to gain an unfair advantage over civilian competitors.

(5) Receiving and taking prompt and appropriate action on reports concerning acceptance of gratuities or other violations of this instruction or related statutes by personnel within his organization.

APPENDIX III

SHIP'S STORE OPERATION

1. GENERAL

Appendix III is published to outline the standards of customer service that normally may be expected from the ship's store. These standards should be used by type commanders, commanding officers, supply officers, and ship's store officers when evaluating the effectiveness of a ship's store operation in terms of services offered to customers.

In order to make a realistic evaluation, the officer must take into consideration the facilities, equipment, space, and personnel available to the individual ship's store operation and match these capabilities with the standards set forth here. If a ship does not possess the capability to meet all or part of any standard, its performance should be evaluated as if that standard or portion did not exist. At the same time, continuing action must be taken by all levels of command to upgrade the capabilities of all ships to meet these standards.

a. The ship's store is located in an area readily accessible to the crew and troops.

b. A suitable display area is provided.

2. HOURS OF OPERATION

a. Prominently posted.

b. Visible from exterior.

c. Forty-two sales hours per week (underway).

d. Twenty sales hours per week (in port).

e. Customers allowed a minimum of 15 minutes after closing to conclude shopping (walk-in stores only).

f. Customers notified at least 1 week in advance of all store closings and changes in store hours.

g. Hours set to provide the entire crew an opportunity to shop.

h. Staggered hours for different stores to provide service after working hours.

3. POLICY SIGNS

a. Policy signs should be prominently posted in the retail store for customers to see.

b. Checks: "Personal checks will be accepted up to amount of sale."

c. Availability of merchandise and services: "In order to better serve you, we solicit your comments on items carried and services offered. Drop a note in the suggestion box. The ship's store officer will give it personal attention."

d. Special orders: "Special orders may be made through the ship's store for authorized merchandise not carried in stock."

e. Profits: "All profits go to the Recreation Fund."

f. Refunds: "If you buy defective merchandise in this store, here is what the ship's store will do:

If the defective merchandise is covered by a manufacturer's guarantee and that guarantee is still in effect, bring the item back and we will refund your money.

If the defective merchandise is not covered by a manufacturer's guarantee and if you have bought the item within the last 30 days, bring it back and we will refund your money."

g. Cigarettes: "Warning: the Surgeon General has determined that cigarette smoking can be hazardous to your health."

4. MERCHANDISE

a. The 100-percent in-stock position for those basic items listed in the current *Merchandising and Stocking Guide for Ship's Stores* (NAVRESSO Pub 81) plus other high demand items as indicated by the ship's individual sales experience.

b. Perishable items (such as candy, cigarettes, cigars, film, etc.) are in a fresh, saleable condition.

c. Items temporarily out of stock should be identified by proper signs at shelf locations.

d. Special order service available and convenient.

e. An adequate range of products of special interest to black customers will be stocked.

5. PUBLICITY

a. Plan of the Day and ship's newspaper are used to publicize sales.

b. Bulletin boards maintained current.

6. PRICING AND MARKDOWNS

a. Price list is prominently posted in the immediate area of the retail store, if appropriate.

b. Selling price is clearly marked on each item shelf or bin, as appropriate.

c. Markdown plan is established to ensure action at the most advantageous time, considering such factors as peak-selling season, end-of-season clearance, special events, etc.

d. Markdowns taken on all merchandise soiled or damaged.

e. Markdowns are made available on an equal basis to all customers with no special consideration to any group of customers.

f. Voluntary price reductions and off-invoice buying allowances passed on to customers to extent feasible.

7. DISPLAY

a. Exterior display windows fully used and properly signed to present attractive and effective merchandise displays. Displays changed frequently to stimulate customer interest.

b. All merchandise displayed in a manner that is

attractive,

quickly identifiable,

easily seen,

neatly arranged,

readily accessible for quick selection,

correlated for convenient selection and shopping ease, and

clean (this includes fixtures).

c. Tops of showcases kept clear of vendor-supplied merchandise cards/racks (walk-in stores).

d. Ledges used to attractively display merchandise and not to store it.

e. Selling prices clearly indicated on shelves and bins, if appropriate.

f. Suitable sign holders used for wall signs, directory signs, merchandise signs, etc.

g. Special event signs used according to instructions in display bulletins.

h. New items featured and so identified.

8. APPLIANCES

a. Electrical outlets available to test electrical items.

b. All display models of electrical items in working order.

c. List of best selling records and tapes posted.

9. ATHLETIC CLOTHING AND EQUIPMENT

a. All motorcycle helmets meet the Z90.1 Safety Standards.

b. Information available to all patrons concerning the hazards of scuba diving when equipment is purchased.

10. HOBBY ITEMS

a. Assistance offered customers in obtaining repair of power tools under warranty when purchased on special orders.

b. Related categories displayed next to each other.

c. All manufacturer's merchandise of same category displayed next to each other on shelves.

11. JEWELRY

a. Merchandise price lines within the categories offered for sale.

b. Items with a mechanism, such as watches, clocks, lighters, checked to determine if they are in working order at the time of sale.

c. For items that include guarantees, the guarantee given to the customer with the items purchased.

12. LUGGAGE AND LEATHER GOODS

a. Personal leather goods displayed in coordinated sets of matching pieces, as appropriate.

b. Price tags affixed to personal leather goods so they do not mar or deface the leather.

13. PHOTOGRAPHIC SUPPLIES

- a. Film sold on a first-in, first-out basis, with short-dated film segregated from fresh stock, and marked down and sold out. Expired film returned to vendor for appropriate credit, if any.
- b. Cartons, instructions, books, warranty cards, and carrying cases for items displayed stored in an appropriate place close to sales area.

14. STATIONERY SUPPLIES

- a. Ship's store selling price of greeting cards and pocket-size books adjacent to display.
- b. All seasonal greeting cards, gift wrap, and party goods removed the day after the holiday.
- c. Magazines frequently screened to ensure current selections available; offensive literature, recordings, or merchandise should not be offered for sale.
- d. Customers allowed to test typewriters offered for sale.

15. TOILETRIES

- a. Fragrances stored in cool, dark place to minimize evaporation.
- b. Careful age control and stock rotation to ensure that fragrances are kept to peak standards of quality and appearance.
- c. Toiletries and combs for black customers stocked and displayed.
- d. Self-service merchandise displayed full face for easy product identification when possible.

16. UNIFORMS AND UNIFORM ACCESSORIES

- a. Uniform trousers located near uniform shirts.
- b. Belts on display near trouser section, neckwear near dress shirt sections, etc.
- c. Displays showing a uniform according to season maintained current.
- d. Uniform dress shirts arranged by size and sleeve length and clearly marked as to price and size.
- e. Sign posted informing customers of availability of direct delivery service on uniform items from the Uniform Support Center, Norfolk, Virginia, via mail orders and the toll-free and AUTOVON telephone numbers. Order forms available.

VENDING MACHINES

- 1. Exterior of vending machines and adjacent area kept clean.
- 2. Prices and instructions prominently displayed on machines.
- 3. Adequate lighting for displays.
- 4. Adequate product selections.
- 5. Sold out indicators operating.
- 6. Glass free from breaks or cracks.
- 7. Inside of machine clean. Finish in good condition.
- 8. Only high quality products vended.
- 9. Packages neat and appetizing.

10. Product fresh and at proper temperature.
11. Safety devices installed and operating.
12. Refunds made cheerfully with no delay.
13. Customers reporting malfunctions treated courteously.
14. Malfunctioning machines promptly serviced or repaired.
15. Vending machine custodian properly trained in good customer relation approaches.
16. Adequate number of trash receptacles available.
17. Fully stocked at regular intervals to ensure continuous product availability.

SNACK BAR

1. GENERAL

- a. An ice cream machine is provided when authorized to be operated on board.

2. HOURS OF OPERATION

- a. Prominently posted.
- b. Forty-two sales hours per week (underway).
- c. Twenty sales hours per week (in port).
- d. Customers should be notified 1 week in advance when the outlet will be closed or when any changes in store hours are made.
- e. Hours set to provide the entire crew an opportunity to buy from the snack bar.
- f. Staggered hours for different snack bars to provide service after working hours.

3. AVAILABILITY OF MERCHANDISE

- a. Products offered for sale are displayed. If display space is not available, a sign indicating items available and price is prominently posted.
- b. Food items on display properly covered or protected from contamination.
- c. Canned juices offered for sale.
- d. Popcorn offered for sale.
- e. Confections and snack items offered for sale.

4. CLEANLINESS

- a. A presentable level of cleanliness maintained at all times.
- b. Facilities policed frequently for safety hazards.
- c. Back counters cleaned frequently.
- d. Snack bar operators attired appropriately and trained to render efficient service to all customers.
- e. Facilities sprayed for insects on a regularly scheduled basis.

BARBERSHOP

1. GENERAL

- a. Layouts provide for adequate ventilation, cooling, heating, lighting, and hot and cold water.
- b. No Tipping sign posted.
- c. Authorized Grooming Standards for U.S. Navy Personnel sign posted.
- d. Barbers indoctrinated in customer courtesy, identification, and complaint procedures.
- e. Shop attractive, clean, and tastefully decorated.
- f. Equipment in good condition and in adequate supply to provide required services.
- g. When a barber chair is not in use, a small sign Not in Use placed on the mirror.
- h. Hours of operation prominently posted.
- i. Ships having less than 100 accommodations, portable barbershop utensils stored in a locker.
- j. Ships having 101 to 300 accommodations, a one-chair shop is available with one additional chair for each additional 300 accommodations or fraction.
- k. If two or more barber chairs are required for troops, a separate troop barbershop is provided.

2. SANITATION

- a. Sanitary regulations posted and adhered to.
- b. Barbers dressed in clean washable coats. Personal hygiene practiced by all barbers at all times.
- c. Barbers wash their hands and sterilize instruments before serving each customer. Deodorants and mouthwash made available and their use by barbers encouraged.
- d. Each unit equipped with a sponge or paper towels to wipe out the washbasin and backbar.
- e. Freshly laundered white towels or paper towels used for each customer.
- f. Haircloths kept clean at all times. New neck strip used on each customer.
- g. Bottles and jars kept closed when not in use.
- h. All instruments scrupulously cleaned immediately after use. Razors, scissors, combs, clipper blades, and other tools thoroughly washed with soap and hot water to remove film and debris, then dried with disposable tissue and sanitized.
- i. Clippers kept clean at all times. After each use, foreign matter removed, clippers wiped with cotton saturated with sterilizing solution, and dried with a tissue.
- j. If suspected that a customer has a communicable disease or infection, the clippers and other metallic instruments used will be segregated and the ship's medical officer contacted for disinfecting procedures to be followed.
- k. Barbers having any infections or communicable diseases do not attend customers.
- l. Barbers do not smoke while attending customers.
- m. Strops and hones kept clean at all times.
- n. No razor stropped or honed without having been previously sterilized.
- o. Therapeutic practices, such as treating pimples and ingrown hair, prohibited.

p. Only type of material approved by the medical officer used to treat nicks. These materials applied only with freshly laundered towels or sterile cotton.

q. Common hairbrushes, dusters, and shaving brushes prohibited.

r. Cut hair frequently removed from the floor by dustless methods.

3. HAIRCUTTING

a. Authorized customers provided with the authorized type of haircut desired.

b. The following services available based upon customer demand and latest directives on hair grooming:

(1) Regular haircut

(2) Afro haircut

(3) Tonic

c. Pictures of regular and afro haircuts mounted side by side in a prominent area of all shops.

d. Haircuts include shaving above and around the ears, below the sideburns, and across the back of the neck.

e. All haircuts completed by a neck astringent rub, talc dust, or both.

LAUNDRY AND DRY CLEANING

1. Twenty-four hour service—maximum three-day service.

2. Wash—24 pounds per man per week.

3. Finish press three work uniform shirts and trousers per officer and CPO/SNCO (E7-E9) accommodation per week.

4. Finish press one dress uniform shirt and trousers per crew (plus troops) accommodation per week.

5. If self-service, customer able to locate finished goods and check out within 15 minutes.

6. Customer given claim check for garments turned in for processing.

7. Sign indicating when finished work will be ready for pickup. (In by _____ Out by _____)

8. Marking staples and tags removed from dry cleaning garments or stapled in such a manner as not to touch cloth (belt loops, buttonholes, etc.).

9. Policy to handle claims for lost or damaged customer goods in effect (claim file available for inspection).

10. Counter personnel's appearance and attitude pleasing.

11. Inspection of two finished garments chosen at random compare favorably with similar commercial processing (no missing buttons, free of wrinkles, no double creases).

12. Entire customer service area including counter presents attractive appearance.

13. Dry-clean and finish press one dress uniform per accommodation per month.

14. Only nonflammable dry cleaning solvent must be used in shipboard dry cleaning plants. The solvent used must be tetrachloroethylene (per-chlorethylene), NSN 6810-00-819-1128 and NSN 6810-00-270-9982.

TAILOR SHOP

1. Garments finished for customer within 5 working days.
2. Customers serviced promptly at counter (within 5 minutes).
3. Customer given claim check for garments turned in for alteration.
4. Entire customer area (including counter) presents attractive appearance.
5. Counter personnel appearance and attitude pleasing.
6. Random inspection of two finished garments per day indicates work done as requested and comparable with commercial standards.
7. Hours of operation prominently posted.

CUSTOMER EVALUATION REPORT

USS _____ DATE _____

In order to evaluate the services provided by the ship's store facilities, it is requested the following questionnaire be completed:

Please check appropriate block.

Barbershop

Excellent ☐

Good ☐

Satisfactory ☐

Dry Cleaning

Excellent ☐

Good ☐

Satisfactory ☐

Fountain

Excellent ☐

Good ☐

Satisfactory ☐

Laundry

Excellent ☐

Good ☐

Satisfactory ☐

Retail Store

Excellent ☐

Good ☐

Satisfactory ☐

Tailor Shop

Excellent ☐

Good ☐

Satisfactory ☐

Vending Machine(s)

Excellent ☐

Good ☐

Satisfactory ☐

Comments:

APPENDIX IV

DOCUMENT DISTRIBUTION

SECTION I—NAVSUP FORMS

<u>NAVSUP FORMS</u>	<u>DISTRIBUTION</u>
REQUISITION RECEIPT, MEN's (NAVSUP FORM 28) REQUISITION RECEIPT, WOMEN'S (NAVSUP FORM 28A) (HEALTH AND COMFORT ISSUES)	
For personnel in pay status	
Original	To the disbursing officer
One copy	To the Accountability File (SSA-21)
One copy	To person receiving issue
For personnel in nonpay status	
Original	To the supply officer
Two copies	To the Expenditures to Use File (SSA-6)
One copy	To the Expenditures Invoice File (SSA-14)
One copy	To the Accountability File (SSA-21)
One copy	To person receiving issue
SHIP'S STORE FINANCIAL CONTROL RECORD (NAVSUP FORM 235)	
Original	To the Financial Control File (SSA-1)
VENDING MACHINE CONTROL (NAVSUP FORM 236)	
Original	To the Vending Machine Control File (SSA-16)
INVENTORY COUNT SHEET (NAVSUP FORM 238)	
White (original)	To the Accountability File (SSA-21)
Yellow	To recordskeeper for postings
Pink	To responsible custodian
Blue	For use as price list (optional)

NAVSUP FORMSDISTRIBUTION

STOCK RECORD (NAVSUPFORM 464)

Original	Held under lock and key by the records-keeper
----------	---

CASH REGISTER RECORD (NAVSUP FORM 469)

Original	Held by ship's store officer or cash collection agent
----------	---

CASH RECEIPT BOOK (NAVSUP FORM 470)

Original	Held by responsible custodian
----------	-------------------------------

OVER-RING/REFUND VOUCHER (NAVSUP FORM 972)

Original	Attached to applicable page of the NAVSUP Form 469
----------	--

INTRA-STORE TRANSFER DATA (NAVSUP FORM 973) (See fig. AIV-1.)

Original	To the Accountability File (SSA-21)
Duplicate	To bulk storeroom custodian
Triplicate	To the Number Control and Breakout File (SSA-2)
Quadruplicate	To receiving responsible custodian

JOURNAL OF RECEIPTS (NAVSUP FORM 977)

Original	To the Journal of Receipts and Journal of Expenditures File (SSA-3)
----------	---

JOURNAL OF EXPENDITURES (NAVSUP FORM 978)

Original	To the Journal of Receipts and Journal of Expenditures File (SSA-3)
----------	---

RETAIL PRICE CHANGE (NAVSUP FORM 983)—Markdowns Below Cost
—and Markdowns to Zero

Original	To the Charges Against Ship's Store Profits File (SSA-22)
----------	---

One copy	To the Accountability File (SSA-21)
----------	-------------------------------------

RETAIL PRICE CHANGE (NAVSUP FORM 983)—Retail Markdowns and
—Markons

Original	To the Accountability File (SSA-21)
----------	-------------------------------------

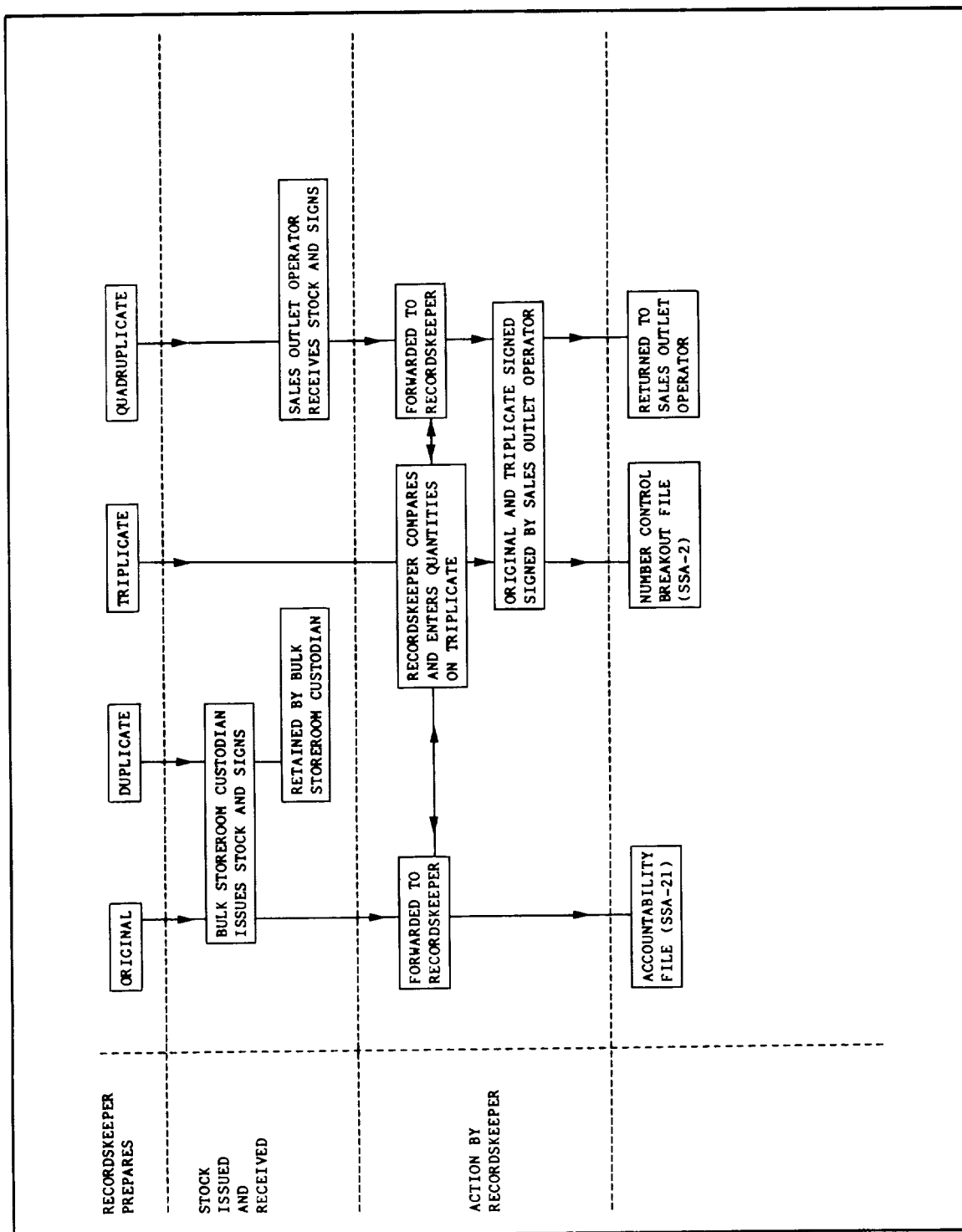


Figure AIV-1.—Distribution of NAVSUP Form 973 as a breakout document.

NAVSUP FORMSDISTRIBUTION

RETAIL PRICE CHANGE (NAVSUP FORM 983)—Standard Price
Adjustments
—Purchase Variances

Original To the Fiscal Gains or Losses File (SSA- 15)

One copy To the Accountability File (SSA-21)

NUMBER CONTROL (NAVSUP FORM 980)

Original To the Number Control and Breakout
File (SSA-2)

TAX-FREE CIGARETTE INVENTORY (NAVSUP FORM 1234)

Original To the Accountability File (SSA-21)

NAVCOMPT FORMSNAVCOMPT FORMSDISTRIBUTION

SHIP'S STORES BALANCE SHEET AND PROFIT AND LOSS STATE-
MENT (NAVCOMPT FORM 153)

Original and one copy To FAADCPAC or FAADCLANT, as
appropriate, with returns

One copy To retained returns

One copy To commanding officer

Two copies To special services officer

One copy To Navy Supply Corps School, Athens,
Georgia, for the accounting period ending
30 September

SUMMARY OF MATERIAL RECEIPTS/TRANSFERS (NAVCOMPT
FORM 176)

Original To FAADCPAC or FAADCLANT, as
appropriate, with returns along with two
copies of each DD Form 1149 invoice
being summarized

One copy To retained returns with one copy of
each DD Form 1149 invoice being
summarized

DISCOUNT EXPIRES (NAVCOMPT FORM 442)

Original Attached to original DD Form 1155
submitted for payment

NAVCOMPT FORMSDISTRIBUTION

VOUCHER FOR DISBURSEMENT AND/OR COLLECTION (NAVCOMPT FORM 2277)—Contractor's Remittance for Rental of Leased Amusement Machines

Original and all copies	To disbursing officer
Two copies	Returned by the disbursing officer: one copy—Charges Against Ship's Store Profits (SSA-22); one copy—Accountability File (SSA-21)

VOUCHER FOR DISBURSEMENT AND/OR COLLECTION (NAVCOMPT FORM 2277)—Disbursement of Ship's Store Profits

Original and all copies	To disbursing officer
Two copies	Returned by disbursing officer: one copy—Charges Against Ship's Store Profits (SSA-22); one copy—Accountability File (SSA-21)

VOUCHER FOR DISBURSEMENT AND/OR COLLECTION (NAVCOMPT FORM 2277)—Vendor's Remittance for Sales of Travelers' Checks

Original and all copies	To disbursing officer
Two copies	Returned by disbursing officer: one copy—Charges Against Ship's Store Profits (SSA-22); one copy—Accountability File (SSA-21)

DD FORMS

DD FORMSDISTRIBUTION

ARMED FORCES MEASUREMENT BLANK

ORTHOPEDIC BOOTS AND SHOES (DD FORM 150)

SPECIAL SIZED CLOTHING FOR MEN (DD FORM 358)

SPECIAL SIZED CLOTHING FOR WOMEN (DD FORM 1111)

Original and three copies	To shore supply support activity
One copy	To Outstanding Requisition File (SSA-12)
One copy	To Incoming Material File (SSA-20)
One copy	To Receipt Inspector's File (SSA-23)

DD FORMSDISTRIBUTION

REPORT OF SURVEY (DD FORM 200)

Original	For surveys to ship's store profits: To Charges Against Ship's Store Profits (SSA-22)
	For surveys to Navy Stock Fund: To Navy Stock Fund File (SSA-7)
One copy	To Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)

REQUISITION AND INVOICE/SHIPPING DOCUMENT (DD FORM 1149) (See figs. AIV-2 and AIV-3.)

DD FORM 1149—Bulk Sale to Another Activity

Original	To Accountability File (SSA-21)
One copy	To Cash Sales File (SSA-8)
One copy	To Expenditures Invoice File (SSA-14)
One copy	Retained by retail store operator
One copy	Retained by purchaser
One copy	Provided to commanding officer of the requesting ship

DD FORM 1149—Material Exchanged for Similar Items

Original	To Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)
One copy	To vendor
One copy	To recordskeeper for postings

DD FORM 1149—Cash Refund

Original	To disbursing officer with check from the vendor
One copy	To Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)
One copy	To recordskeeper for postings
One copy	To vendor
One copy	To Receipts from Purchase File (SSA-4)
One copy	To Credit Memorandum and Cash Refund File (SSA-19)

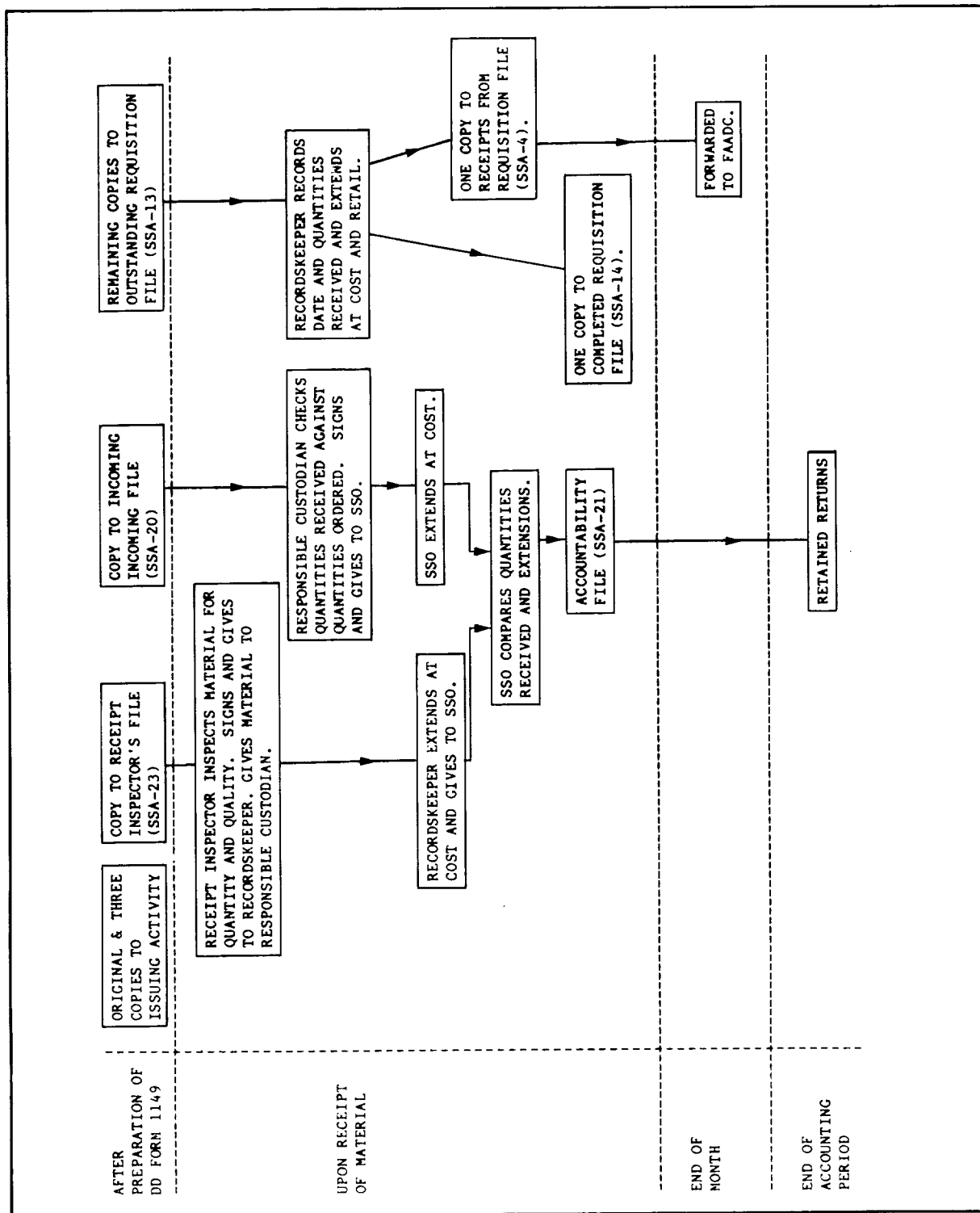


Figure AIV-2.—Distribution of DD Form 1149 as a requisition and receipt document.

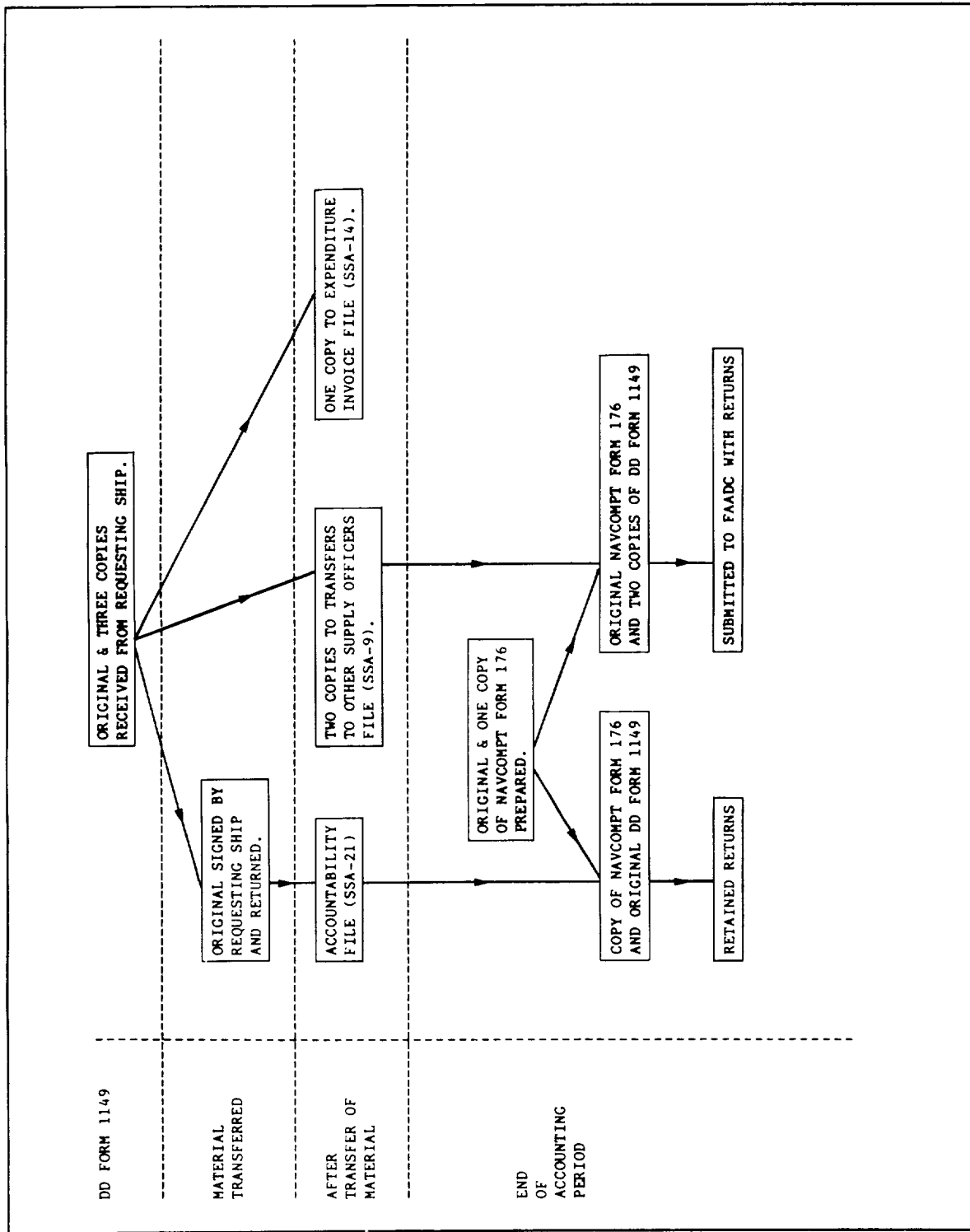


Figure AIV-3.—Distribution of DD Form 1149 as a transfer invoice.

DD FORMSDISTRIBUTION

DD FORM 1149—Credit Memorandum

Original	To Credit Memorandum and Cash Refund File (SSA-19) with original credit memorandum until applied against new purchase
One copy	To Accountability File (SSA-21) with copy of credit memorandum
One copy	To Expenditure Invoice File (SSA-14)
One copy	To recordskeeper for postings
One copy	To vendor
Remaining copies	To Credit Memorandum and Cash Refund File (SSA-19)

DD FORM 1149—Cost of Operations Invoice

Original	To retained returns
One copy	To Expenditure Invoice File (SSA-14)

DD FORM 1149—Dishonored Checks

Original	To FAADCPAC and FAADCLANT, as appropriate, with returns along with original checks
One copy	To retained returns along with a copy of checks
One copy	To Expenditure Invoice File (SSA-14) along with a copy of dishonored check

DD FORM 1149—Health and Comfort Issue Recap (For personnel in a nonpay status)

Original and one copy	To Expenditure to Use File (SSA-6)
One copy	To disbursing officer for issues chargeable to an individual's pay record
	To supply officer for issues chargeable to OPTAR
One copy	With signature of disbursing officer or supply officer to Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)

DD FORMSDISTRIBUTIONDD FORM 1149—Issue to Other Appropriations
(Such as General Mess and General Stores)

Original and one copy	To Expenditure to Use File (SSA-6)
One copy	To Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)
One copy	To accountable officer (such as supply officer or food service officer)

DD FORM 1149—Memorandum Cash Sale Invoice Deposit of Cash with
the Disbursing Officer

Original	To Accountability File (SSA-21)
One copy	To Expenditure Invoice File (SSA-14)
Two copies	To Returns File (SSA-10)
Three copies	Retained by the disbursing officer when the DD Form 1149 is forwarded for signature

DD FORM 1149—Receipt from Other Appropriation (Such as General
Mess or General Stores)

Original and one copy	To Expenditure to Use File (SSA-6)
One copy	To Accountability File (SSA-21)
One copy	To Completed Requisition File (SSA-13)

DD FORM 1155—Order for Supplies or Services/Request for Quotations
(See figs. AIV-4 through AIV-9 for variations.)

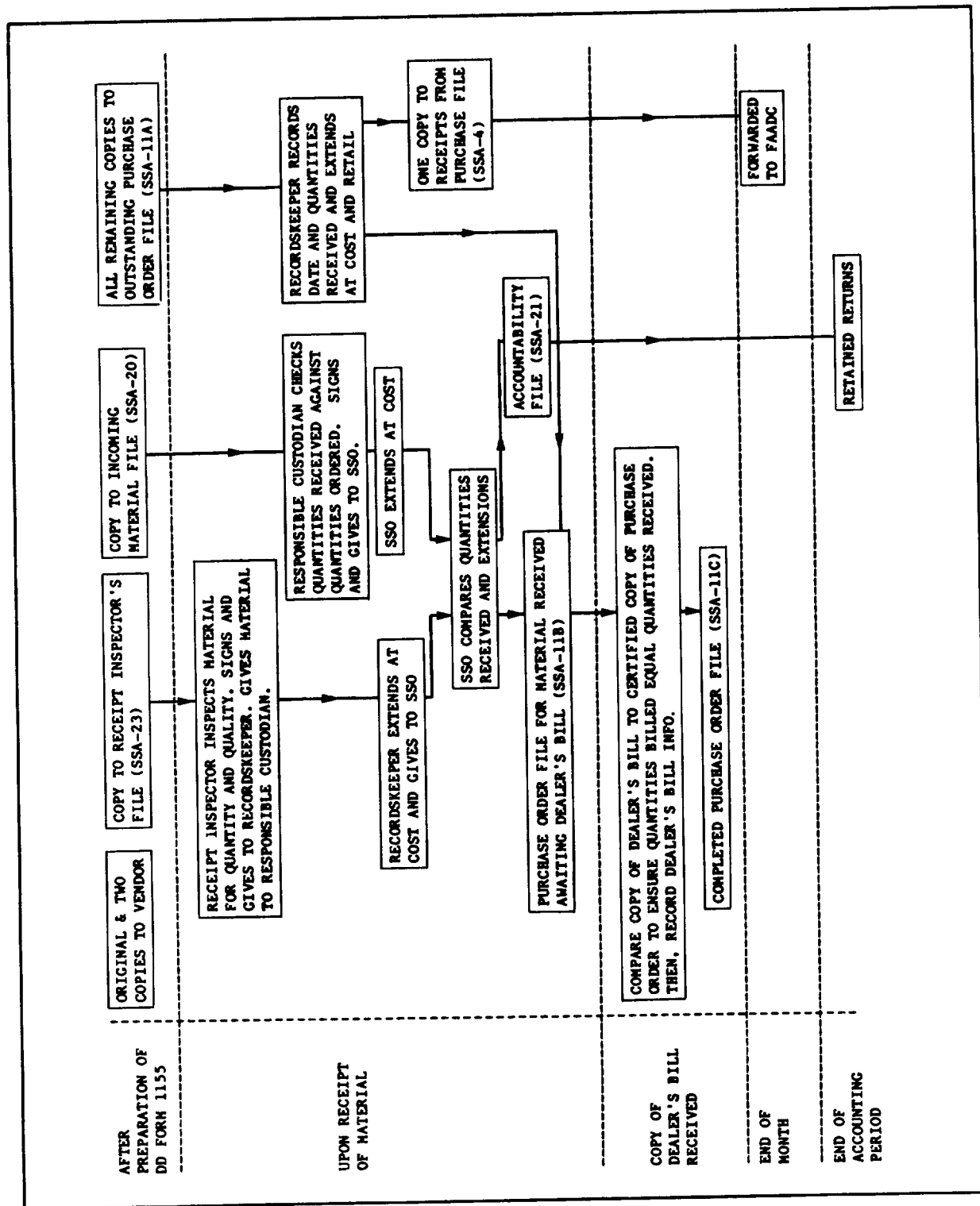
FOR U.S. MERCHANDISE:

When fast pay procedures apply:

Signed original and two copies	To vendor
One copy	To Receipt Inspector's File (SSA-23)
One copy	To Incoming Material File (SSA-20)
All remaining copies	To Outstanding Purchase Order File (SSA-11A)

When fast pay procedures do not apply:

Original	Retained in Outstanding Purchase Order File (SSA-11A)
One signed copy	To vendor
One copy	To Receipt Inspector's File (SSA-23)
One copy	To Incoming Material File (SSA-20)
All remaining copies	To the Outstanding Purchase Order File (SSA-11A)



79.84

Figure AIV-4.—Distribution of DD Form 1155 for U.S. merchandise. (Fast pay procedures apply.)

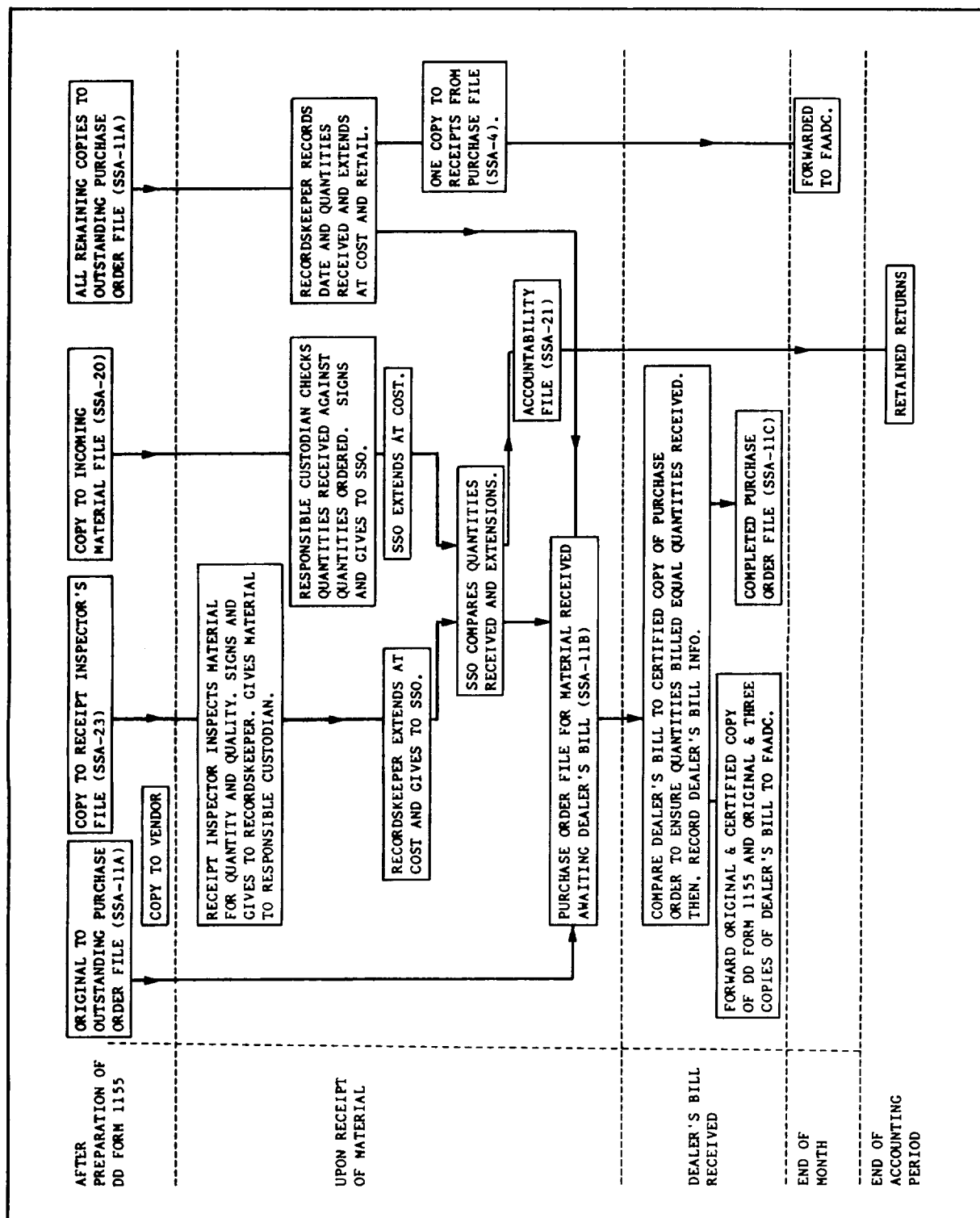
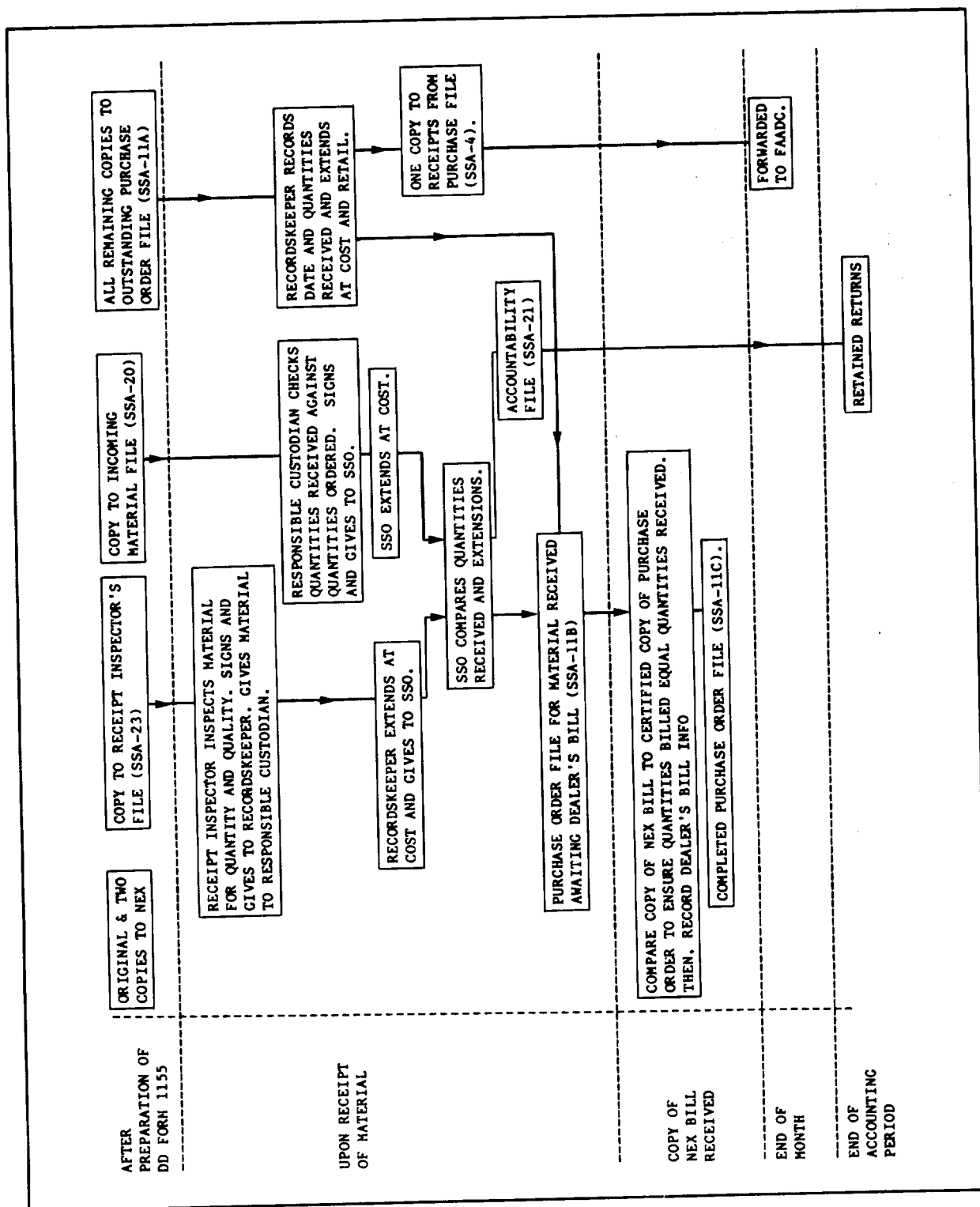


Figure AIV-5.—Distribution of DD Form 1155 for U.S. merchandise. (Fast pay procedures do not apply.)



79.86

Figure AIV-6.—Distribution of DD Form 1155 for foreign merchandise. (Fast pay procedures apply.)

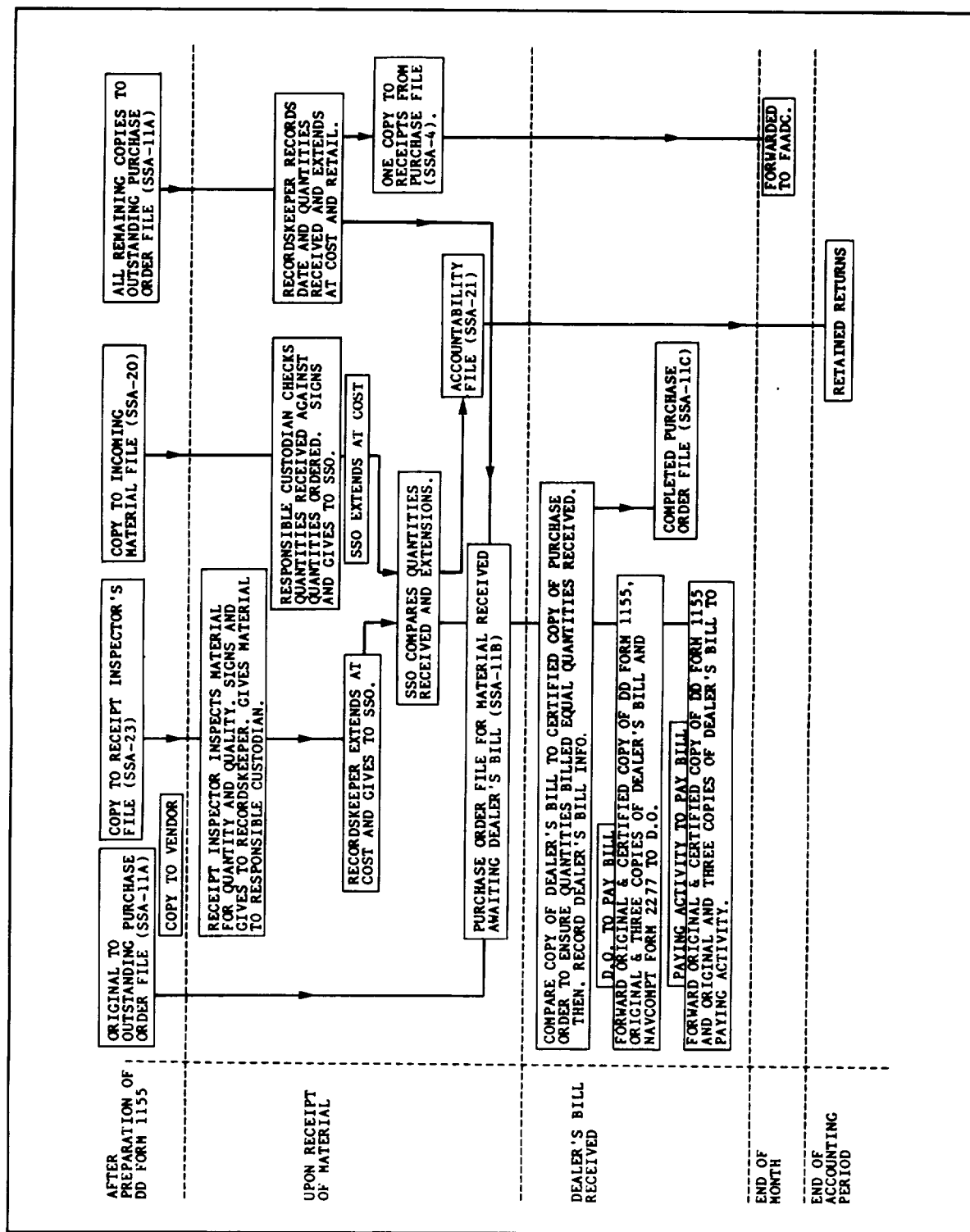
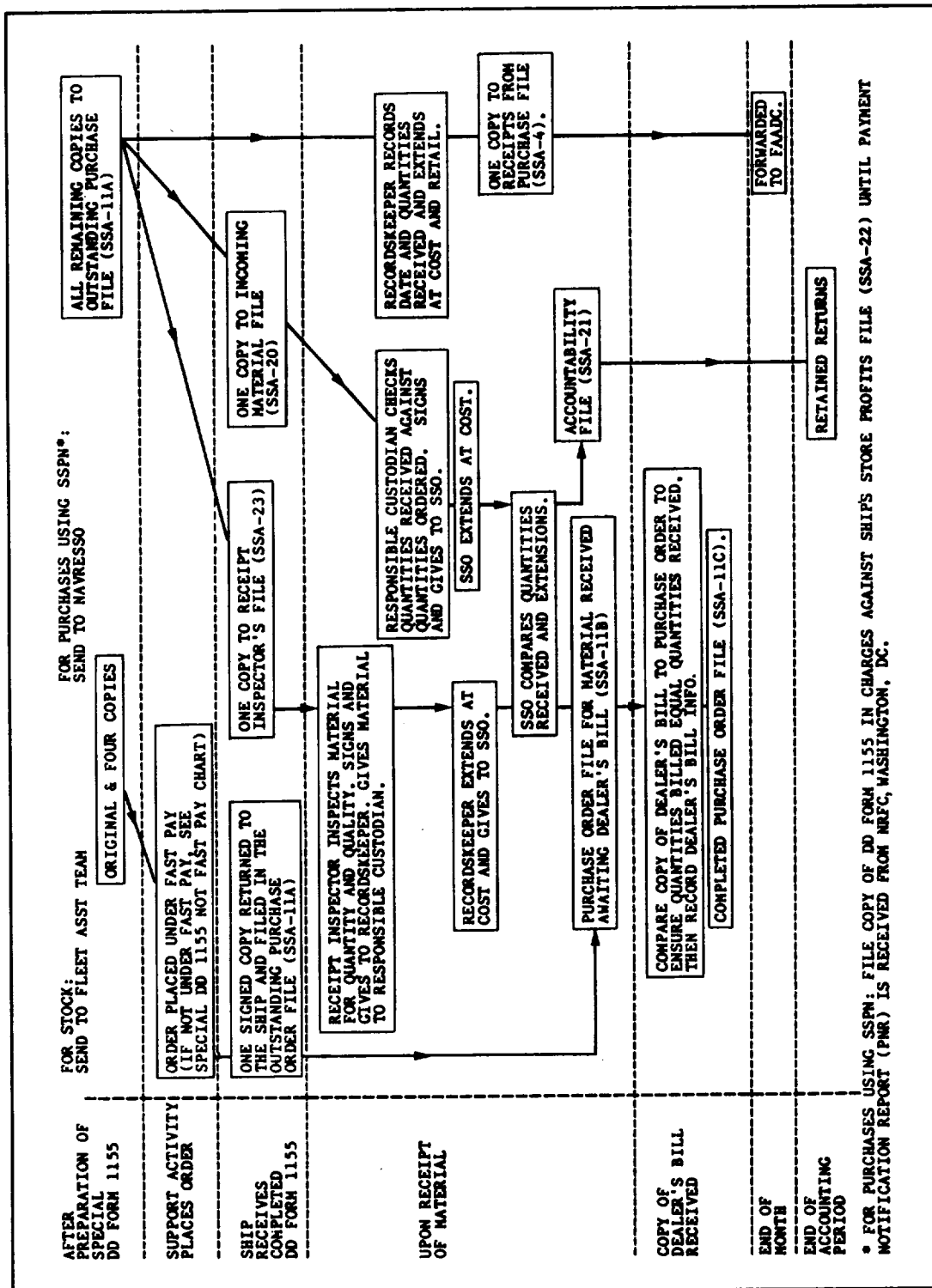


Figure AIV-7.—Distribution of DD Form 1155 for foreign merchandise. (Fast pay procedures do not apply.)



79 88

Figure AIV-8.—Distribution of Special DD Form 1155. (Fast pay procedures apply.)

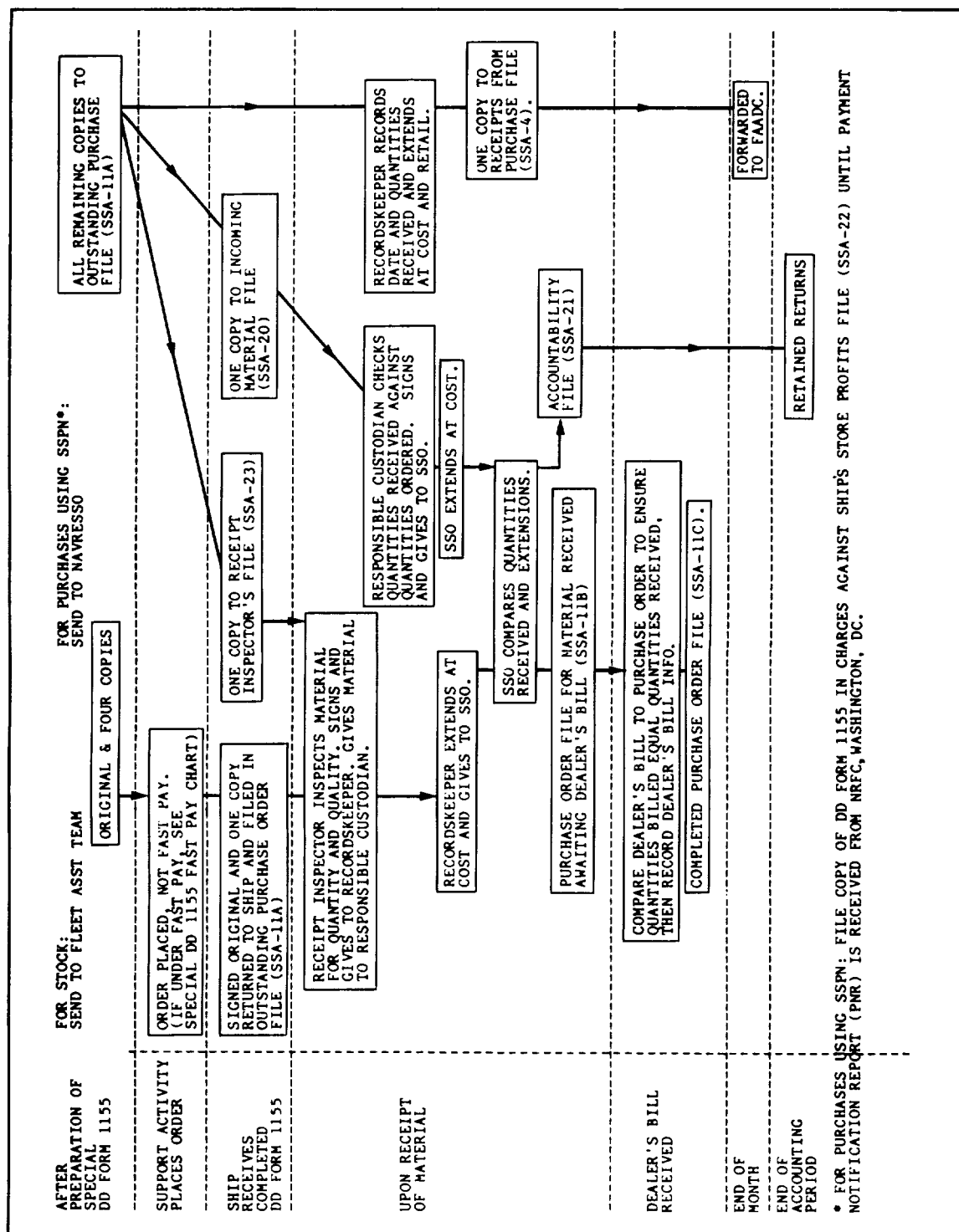


Figure AIV-9.—Distribution of Special DD Form 1155. (Fast pay procedures do not apply.)

DD FORMSDISTRIBUTION

FOR FOREIGN MERCHANDISE:

For merchandise procured from Navy exchanges:

Signed original and two copies	Sent to the Navy exchange officer
One copy	To the Receipt Inspector's File (SSA-23)
One copy	To Incoming Material File (SSA-20)
All remaining copies	To Outstanding Purchase Order File (SSA-11A)

For merchandise procured from foreign vendors:

Original	Retained in Outstanding Purchase Order File (SSA-11A)
One signed copy	To vendor
One copy	To Receipt Inspector's File (SSA-23)
One copy	To Incoming Material File (SSA-20)
All remaining copies	To Outstanding Purchase Order File (SSA-11A)

DD FORM 1348 and DD FORM 1348-1—DOD Single Line Item Requisition System Document and DOD Single Line Release/Receipt Document. (See fig. AIV-10 for variations.)

Original	To issuing activity
Green copy	To Incoming Material File (SSA-20)
Hardback copy	To Receipt Inspector's File (SSA-23)
Red, white, and yellow copies	To Outstanding Requisition File (SSA-12)

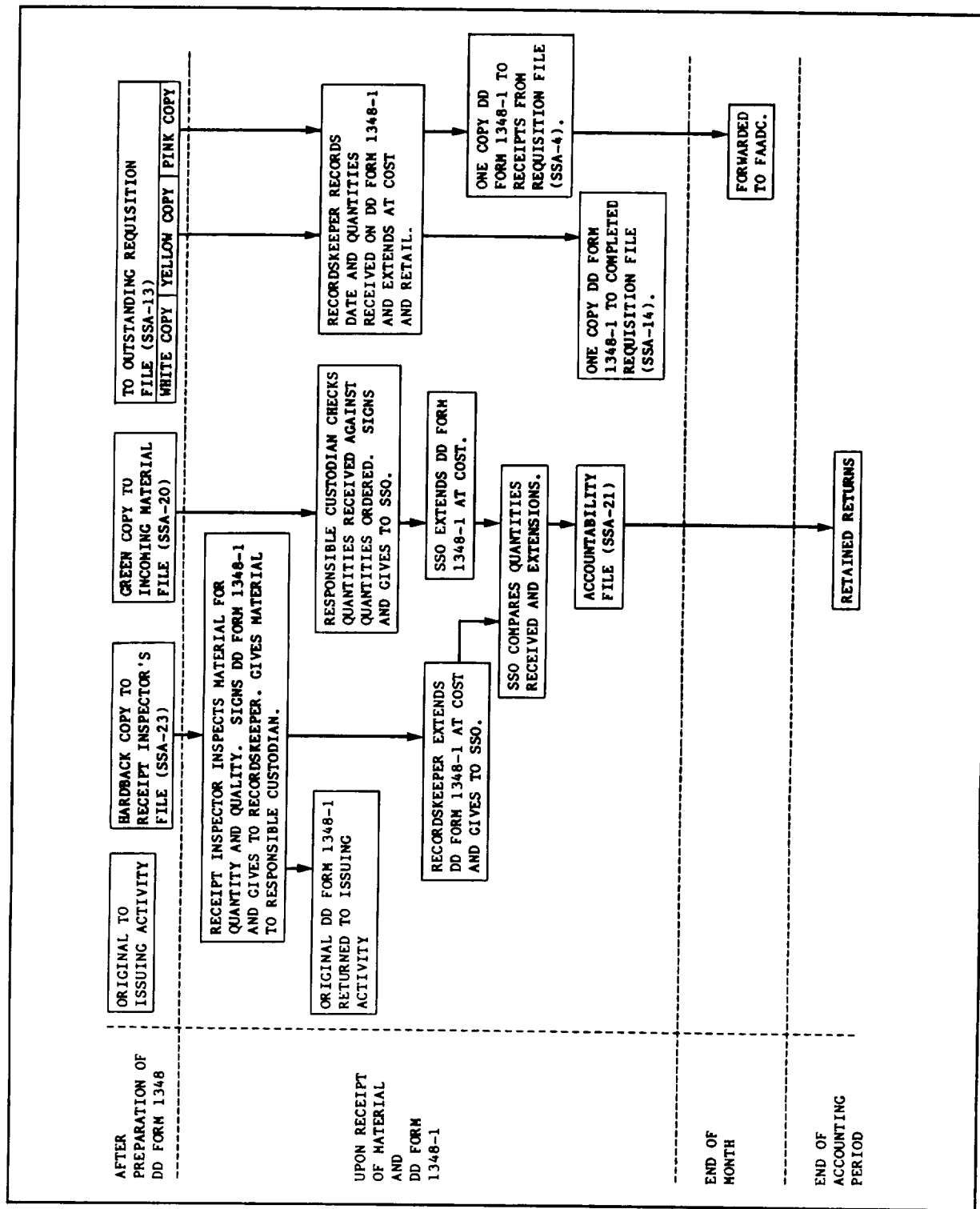


Figure AIV-10.—Distribution of DD Form 1348 and DD Form 1348-1.

APPENDIX V

SHIP'S STORE MANAGEMENT OBJECTIVES

The following list of management objectives is provided as a correlated, ready reference. These objectives should be reviewed periodically and used as a guide in achieving the desired operating results.

1. Four stock turns per year are required. Achieving a stock turn of at least 1.33 per accounting period will result in attaining the annual goal.
2. Monthly review of all stock and stock records.
3. Maintaining cost of operations expenses at 2.5% but not more than 5% of sales per accounting period.
4. Attaining a gross profit of approximately 15% to cover general operating expenses (such as General Fund assessment, cost of operations, markdowns, surveys, etc.) and not jeopardize profits available for transfer to the recreation fund.
5. Attaining a minimum of 32-percent net profit on can drink vending machines.
6. Attaining the planned operating profit in the snack bar.
7. Maintaining an in-stock position on all items of recurring demand and keeping inventories within prescribed limitations.

OPERATIONAL ANALYSIS REPORT

The primary purpose of the Operational Analysis Report is to point out stock turn and the performance of other phases of the ship's store operation. (Refer to fig. AV-1 as you read the information below.)

Figures reported on Operational Analysis Reports are obtained from the Ship's Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153). Formulas used are as follows (caption numbers refer to captions on the Operational Analysis Report):

Data Block and Caption

Explanations of Entries

Gross Profit

Retail Sales (caption 1) minus Cost of Retail Sales (caption 2).

**NAVY RESALE AND SERVICES SUPPORT OFFICE
SHIP'S STORES AFLOAT OPERATIONAL ANALYSIS**

Activity No
Ships UIC

Hull Type

Hull No

Name
USS - - - - -

Period Ending
31 Jan 19--

DESCRIPTION		NAVCOMPT 153 CAPTION	ACTUAL FOR TRIANNUAL PERIODS ENDING					
			31 May	% RETAIL SALES	30 Sep	% RETAIL SALES	31 Jan	% RETAIL SALES
1. RETAIL SALES		C02	29,160		60,842		59,845	
2. COST OF RETAIL SALES		C10	25,252		52,840		52,039	
3. GROSS PROFIT		-	3,908	13.4 %	8,002	13.2 %	7,806	13.0 %
4. DISHONORED CHECKS		C11	0		0		0	
5. OPERATING EXPENSES		C12	672		1,412		1,378	
6. LAUNDRY CLAIMS/SERVICE CHARGES		C13	0		17		10	
7. GENERAL FUND ASSESSMENT		C14	1,166		2,433		2,393	
8. OPERATING PROFIT		C23	2,070	7.1 %	4,140	6.8 %	4,022	6.7 %
9. BULK SALES		B12	0		143		100	
10. TRANSFER TO OTHER SUPPLY OFFICES		B19	0		134		171	
11. DRINK VENDING MACHINE SALES		C03	9,846		13,495		13,166	
12. COST OF SALES - VENDING MACHINE		C15	6,209		8,419		8,275	
13. COST OF OPERATING VENDING MACHINES		C16	93		173		167	
14. VENDING MACHINE PROFIT		C26	3,544	36.0 %	4,903	36.3 %	4,722	35.9 %
15. AMUSEMENT MACHINE SALES		C04	328		472		440	
16. AMUSEMENT MACHINE PROFIT		C27	220	67.1 %	316	67.0 %	295	67.0 %
17. REBATE FROM EXCHANGE CATALOG SALES		C04A	0		134		127	
18. TOTAL PROFIT (CAPTIONS 8+14+16+17)			5,834		9,493		9,166	
19. MAXIMUM AUTHORIZED INVENTORY			24,300	STOCK TURN	45,300	STOCK TURN	37,200	STOCK TURN
20. OPENING INVENTORY		B07	24,220	1.33	38,963	1.62	41,352	1.50
21. CLOSING INVENTORY		B28	38,963		41,352		33,013	
22. NUMBER OF PERSONS SUPPORTED			450		450		450	
23. NUMBER OF DAYS AT SEA			0		82		55	

CAPTIONS 2, 5, 8, 10, 12, 13 DIVIDED BY OPENING INVENTORY = STOCK TURN

OPERATIONS COMMENTS - NAVRESO	MANAGEMENT OBJECTIVES
<input checked="" type="checkbox"/> INVENTORY INCREASE OF \$ <u>12,900</u> FOR DEPLOYMENT <input checked="" type="checkbox"/> SHIP REPORTED SHORTAGE OF \$ <u>131</u> OVERAGE OF \$ _____ <input type="checkbox"/> 1.33 STOCK TURN WAS NOT ATTAINED <input type="checkbox"/> GROSS PROFIT ERRATIC ACCOUNTING/INVENTORY RECORDS SHOULD BE VERIFIED <input type="checkbox"/> OPERATING LOSS REPORTED	FOUR STOCK TURNS PER YEAR/1.33 EACH ACCOUNTING PERIOD GROSS PROFIT SHOULD BE AT LEAST 15% TO COVER GENERAL OPERATING EXPENSES, SUCH AS GENERAL FUND ASSESSMENT, COST OF OPS, MARKDOWNS, SURVEYS, ETC., AND NOT JEOPARDIZE PROFITS FOR TRANSFER TO RECREATION FUND CAN TYPE SOFT DRINK VENDING MACHINE PROFIT SHOULD BE AT LEAST 32% OF SALES

FOR USE BY ACTIVITY

Figure AV-1.—Operational Analysis Report.

79.78

<u>Data Block and Caption</u>	<u>Explanations of Entries</u>
Operating Profit Percentage	Operating Profit (caption 8) divided by Retail Sales (caption 1).
Vending Machine Profit Percentage	Vending Machine Profit (caption 14) divided by Drink Vending Machine Sales (caption 11).
Amusement Machine Profit Percentage	Amusement Machine Profit (caption 16) divided by Amusement Machine Sales (caption 15).
Ship's Store Stock Turn	Total of the following captions <ul style="list-style-type: none"> 2—Cost of Retail Sales 5—Operating Expenses 9—Bulk Sales 10—Transfers to OSO 12—Cost of Sales—VM divided by Ship's Store Opening Inventory (caption 20).

It should be noted that stock turns are based on opening inventory only, rather than on the average inventory for the period. While it is realized that on some ships it would be advantageous to average the beginning and closing inventories, it is not considered that this would significantly alter the stock turn since ship's stores are on a 4-month accounting period, rather than monthly.

SHIP'S STORE MANAGEMENT REPORT

1. Purpose

The primary purpose of the Ship's Store Management Report is to provide the commanding officer a list of key indicators concerning the ship's store operation. The report will highlight sales, inventory, cash collection, and other data that represent significant changes and/or problems in the ship's store operation.

2. Processing the Report

The supply officer will complete the Ship's Store Management Report and forward it to the commanding officer by the fifth working day of the month. However, for the last month of the accounting period, the report should be submitted by the fifteenth day of the month. The commanding officer should review the report, record any remarks directly on the report, and return it to the supply officer. The supply officer should then forward the report to the ship's store officer to be filed in the Returns File (SSA-10). At the end of the accounting period, the monthly reports will be filed with the retained returns. (See fig. AV-2.)

date

MEMORANDUM

From: Supply Officer
To: Commanding Officer

Subj: SHIP'S STORE MANAGEMENT REPORT

Ref: (a) NAVSUP Pub 487, Appendix F

Encl: (1) Ships Store Management Report

1. Per reference a, enclosure (1) is provided for your information.

Very respectfully,

Supply Officer

date

FIRST ENDORSEMENT

From: Commanding Officer
To: Supply Officer

1. I have reviewed the report and enclosure (1) is returned for filing.

Respectfully,

Commanding Officer

79.79

Figure AV-2.—Memorandum for Ship's Store Management Report.

3. Preparation

The information on the Ship's Store Mangement Report should be taken from ship's store records. The report should be prepared monthly using the format illustrated in figure AV-3.

<u>Data Block and Caption</u>	<u>Instructions for Entries</u>
1. SALES Total Sales	Enter the sales for the Current Month and the Accounting Period to Date as reported on the Memorandum Cash Sale Invoice Deposit of Cash with Disbursing Officer (DD Form 1149).
2. DRINK VENDING MACHINE OPERATION	
a. Sales	Enter the sales for the Current Month and the Accounting Period to Date as reported on line N of the Vending Machine Controls (NAVSUP Form 236).
b. Profits	Enter the amount for the Current Month and the Accounting Period to Date as reported on line U of the NAVSUP Form 236.
c. Profit Percentage	Enter the profit percentage for the Current Month and the Accounting Period to Date as reported on the NAVSUP Form 236. (Profit percentage objective: 32%-47% for canned drink machines.)
3. INVENTORY	
a. Over/Under Inventory	
Total Authorized Inventory	Enter the amount reported on line C of the Inventory Control Record.
Balance Inventory	Enter the amount reported on line G of the Control Record.
Over/Under	Circle Over or Under as applicable. Enter the amount reported on line H of the Inventory Control Record.
b. Stock Turn	Enter the stock turn as reported on the Inventory Control Record.
c. Spot Inventory of Bulk Storeroom	
Number of Items Checked	Enter the total number of items checked during the spot inventory.
Inventory Accuracy	Use the following formula to obtain inventory accuracy: Number of items checked correctly divided by total number of items checked (Inventory accuracy objective: 100%)

4. CASH COLLECTION

- | | <u>Circle</u> | |
|--|---------------|-----|
| | YES | NO* |
| a. Cash collection agent audited at least twice weekly by ship's store officer | | |
| b. Actual cash register readings were audited at least twice weekly by the ship's store officer | YES | NO* |
| c. Cash Register Record (NAVSUP Form 469) indicates cash collections were made daily and as required by NAVSUP Pub 487 | YES | NO* |
| d. Cash Receipt Book (NAVSUP Form 470) indicates cash was turned over to the disbursing officer daily and as required by NAVSUP Pub 487 | YES | NO* |
| e. Total cash collected for the month as recorded on the following forms compared:
Cash Register Record (NAVSUP Form 469)
Cash Receipt Book (NAVSUP Form 470)
Memorandum Cash Sale Invoice of Cash
Deposited with Disbursing Officer (DD Form 1149)
(Objective: All totals reported equal one another.) | YES | NO* |
| f. The most significant dollar value difference (overage or shortage) between cash sales and cash collected in any sales outlet that was not covered by an Over-ring/Refund Voucher (NAVSUP Form 972) was \$_____.
Explanation for the difference: | | |

5. RECEIPTS AND PRICING

- | | <u>Circle</u> | |
|---|---------------|-----|
| | YES | NO* |
| a. All receipt documents for the current month were forwarded to FAADC as indicated on the Journal of Receipts (NAVSUP Form 977) | | |
| b. Random spot checks of the selling prices of a minimum of 15 items a week in the retail store(s) revealed _____ did not match the price on the Stock Record (NAVSUP Form 464).
(Objective: zero errors.) | | |

Figure AV-3.—Ship's Store Management Report—Continued.

79.80

6. PROFIT (Completed at the end of the accounting period only)			
	<u>Current</u> <u>Accounting</u> <u>Period</u>	<u>Previous</u> <u>Accounting</u> <u>Period</u>	<u>Objective</u>
a. Gross Profit	_____	_____	15%
b. Operating Profit	_____	_____	6%
c. Markdowns and Surveys	_____	_____	2%
d. Laundry Claims	_____	_____	0
e. Cost of Operations	_____	_____	2.5% - 5.0%

Circle
 YES NO*

7. All FAADC letters on unpaid dealers' bills and other letters on reconciliation have been answered

8. SAFETY, SECURITY AND MATERIAL DISCREPANCIES

a. Last inspection of ship's store spaces conducted on _____

Circle
 YES NO*

b. All stores, storeroom and other spaces had locks and emergency entry procedures posted as required by NAVSUP Pub 487

<u>Space</u>	<u>Discrepancy</u>	<u>Status</u>
--------------	--------------------	---------------

9. COMMENTS:
 (*Brief explanation of any item circled and other significant items, problems, etc.)

Figure AV-3.—Ship's Store Management Report—Continued.

79.80

Data Block and Caption

Instructions for Entries

- | | |
|--|---|
| d. Last Physical/Price Line Inventory taken on | Enter date of last inventory. |
| Disproportionate Difference existed | Circle either YES or NO as appropriate. If YES, explain in item 9, Comments. |
| e. The following unauthorized stock items are currently carried in stock: | Enter any unauthorized items carried in stock. Authorized stock items are listed in NAVSUP P-487. |
| f. The in-stock position of the following emblematic items exceeds 90 days' anticipated sales: | Enter any emblematic item for which the in-stock position exceeds 90 days. |

4. CASH COLLECTION

- | | |
|---|--|
| a. Cash Collection Agent and Cash Register Record (NAVSUP Form 469) audited at least twice weekly by the ship's store officer | Circle either YES or NO as appropriate. If NO, explain in item 9, Comments. |
| | The ship's store officer's initials will be recorded in the NAVSUP Form 469 each time audits are done. |
| b. Actual cash register readings were audited twice weekly by the ship's store officer and verified in the Cash Register Record (NAVSUP Form 469) | Circle either YES or NO as appropriate. If NO, explain in item 9, Comments. |
| c. Cash Register Records (NAVSUP Forms 469) indicate cash collections were made daily and as required by NAVSUP P-487 | Circle either YES or NO as appropriate. If NO, explain in item 9, Comments. |
| d. Cash Receipt Books (NAVSUP Forms 470) indicate cash was turned over to the disbursing officer daily and as required by NAVSUP P-487 | Circle either YES or NO as appropriate. If NO, explain in item 9, Comments. |

Data Block and CaptionInstructions for Entries

- e. Total cash collected for the month as recorded on the following forms compared:

Circle either YES or NO as appropriate. If NO, explain in item 9, Comments. (Objective: all amounts reported equal one another)

Cash Register Record (NAVSUP Form 469)

Cash Receipt Book (NAVSUP Form 470)

Memorandum Cash Sales Invoice of Cash Deposited with Disbursing Officer (DD Form 1149)

- f. The most significant difference (overage or shortage) between cash collected in any sales outlet that was not covered by an Overring/Refund Voucher (NAVSUP Form 972) was \$ _____

Enter the largest difference as recorded in the Cash Register Record (NAVSUP Form 469) not covered by a NAVSUP Form 972.

Explanation of the difference

Enter a brief statement on the results of the examination of the difference conducted as per NAVSUP P-487.

5. RECEIPTS AND PRICING

- a. Receipt documents for the month were forwarded to FAADC as indicated on the Journal of Receipts (NAVSUP Form 977)

Circle either YES or NO as appropriate. If NO, explain in item 9, Comments.

- b. Random spot checks of the selling prices of a minimum of 15 items a week in the retail store(s) revealed the number did not match the price on the Stock Record (NAVSUP Form 464)

After conducting a random spot check of 15 items per week, enter the number of items in which the prices did not match those listed on the Stock Record (NAVSUP 464). (Objective: zero errors)

6. PROFIT

- a. Gross Profit

Use the following formula to compute gross profit using the NAVSUP Form 153:

$C02 \text{ minus } C10 \text{ divided by } C02$. (Objective: 15%)

- b. Operating Profit

Use the following formula to compute operating profit using the NAVSUP Form 153:

$C25 \text{ divided by } C02$. (Objective: 6%)

Data Block and CaptionInstructions for Entries

- | | |
|---|--|
| c. Markdowns and Surveys | Use the following formula to compute the total amount of markdowns and surveys using the NAVSUP Form 153:

B23 plus B24 divided by C02. (Objective: 2 %) |
| d. Laundry Claims | Enter the amount of laundry claims reported on line C13 of the NAVSUP Form 153. (Objective: 0) |
| e. Cost of Operations | Use the following formula to compute the total amount of cost of operations using the NAVCOMPT Form 153:

B22 divided by C02. (Objective: 2.5% to 5.0%) |
| 7. All FAADC letters on unpaid dealers' bills and other letters on reconciliation have been answered | Circle either YES or NO as appropriate. If NO, explain in item 9, Comments. |
| 8. SAFETY, SECURITY, AND MATERIAL DISCREPANCIES | |
| a. Last inspection of ship's store spaces conducted | Enter date of last inspection. |
| b. All stores, storerooms, and other spaces have required locks and emergency entry procedures posted | Circle either YES or NO as appropriate. If NO, explain in item 9, Comments. |
| c. Space/Discrepancy/Status | Enter a list of safety, security, and material discrepancies in ship's store spaces, including any corrective action being taken. |
| 9. COMMENTS: | Enter a brief explanation of any item circled NO and any other significant items, problems, etc. |

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